

no. 1194

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Business Insolvency Worldwide

# Corporate insolvencies: the true nature of the Eurozone crisis

Euler Hermes Economic Research Department

## Economic Outlook

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\* Germany, Austria, Switzerland

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## Editorial

## Creative destruction

Whether one wants it or not, companies have been and continue to be the actual victims of the ongoing European crisis. Corporate insolvencies in the eurozone are expected to increase by +21% in 2013 before ebbing back to a (more) moderate growth rate of +7% in 2014. In Spain alone, we expect a new all-time high with nearly 11,000 companies defaulting this year. Such a high number of insolvencies is disconcerting and sadly gives rise to soaring unemployment and a real phenomenon of deindustrialization. After record figures in 2009, another flood of bankruptcies – from the United States to China to France – poured into sectors with tax incentives coming to a halt such as construction and services. Once the ripples began, many companies were no longer profitable. Currently, the acceleration in the number of insolvencies is more a result of market fundamentals: from slowdown in household consumption in Europe to sluggish exports for Asia. In Europe, the retailing, furnishing, consumer electronics and automobile sectors have been hit strongly. It is this industrial Darwinism that appears to be the underlying theme for 2013, against a backdrop of ongoing credit rationing. The consequences are myriad: in Asia, for example, companies are seeing their export markets melt like snow under the sun and overcapacity is posing a problem. Could this economic turbulence (with the number of companies created also increasing in many countries) come to be synonymous with a renewal? If we believe the evolutionary theory of Schumpeter, such economic entropy could indeed foster a new beginning. The least adapted and, especially, the least innovative companies will give way to those that reinvent themselves and which meet the needs of today. After the perfect storm of 2009 and the current chill in the economy, now Schumpeter's "perennial gale"; it starts to make a lot. And yet... it is in sectors with high value added, intensive in talent, human capital and social capital, driven by research, innovation and entrepreneurship that these needs can be found. So the news may be bad, with soaring corporate insolvencies and heightening non-payment risk at a time when margins are already eroded. However, could this be a case of a step back in order to make a bigger leap forward? Perhaps. The condition for success is indeed that adequate policy steps are taken in terms of innovation, business environment and incentives, especially to support startups and incubators; before it is too late. [Ludovic Subran](#)

**Change in insolvencies**

annual change in%

	2012	2013
Spain	32%	40%
Brazil	26%	20%
Belgium	4%	11%
Sweden	7%	10%
Greece	30%	10%
Czech Republic	46%	10%
Poland	29%	10%
Portugal	42%	9%
<b>Global Insolvency Index</b>	<b>1%</b>	<b>8%</b>
Netherlands	21%	7%
Italy	2%	7%
Taiwan	2%	6%
Latvia	0%	6%
Slovakia	6%	5%
Lithuania	5%	5%
Hungary	13%	4%
China	-14%	4%
Austria	3%	4%
Australia	1%	3%
Finland	1%	3%
Denmark	0%	3%
Hong Kong	-6%	3%
Russia	10%	2%
France	2%	2%
Germany	-6%	1%
Singapore	34%	1%
Chile	-3%	1%
Korea (South)	-10%	1%
Estonia	-19%	1%
Luxembourg	8%	0%
New Zealand	-8%	-2%
Switzerland	-4%	-2%
Romania	31%	-3%
Japan	-5%	-3%
Norway	-12%	-3%
Ireland	3%	-3%
Canada	-11%	-4%
South Africa	-17%	-4%
USA	-16%	-7%
UK	-8%	-7%

Sources: national figures, Euler Hermes forecasts

## Overview

# Corporate insolvencies, the real crisis

The decline in global corporate insolvencies in 2010-2011 proved to be short-lived. Insolvencies confirmed their rebound in 2012 (+1%), the result of two major and contrasting trends: while they fell more than expected in the Americas (-15%) and Asia (-5%), there was a sharper-than-expected rise in Europe, with bankruptcies up in each of the three major sectors (+3% in industry, +9% in construction and +7% in services). This was especially the case in the eurozone (+16% despite the German exception). The upturn in insolvencies is likely to gather pace in 2013 (+8%), in line with the downward revision in our macroeconomic scenario, in particular for Europe, and will probably continue through 2014 (initial forecast of +2%).

## 2012 overview: rise in the Global Insolvencies Index confirmed (+1%) after two years of moderate decline

By continuing into 2012 (global GDP down -0.5pp to +2.4% and trade -2.6pp to +3.3%), with ongoing problems in the eurozone, the slower global economic growth regime initiated in 2011 put an end to the decline in bankruptcies seen in 2010 (-6%) and 2011 (-4%). Over the full year, our Global Insolvencies Index – *see our methodology on page 29* – increased by +1%, i.e. in line with our estimates in late 2012 and slightly down on initial forecasts (+3% on a comparable basis). As the 2008-2009 crisis caused insolvencies to soar (+56% from 2007 to 2009), this rise means that global corporate failures remain high in absolute terms: our Global Insolvencies Index is just around 9% below its 2009 peak and still 18% above its average over the decade prior to the crisis (1997-2007). All in all, corporate bankruptcies in 2012 exceeded 2008-2009 averages in more than half of our sample countries (21 out of 39).

These overall figures nevertheless mask two major and contrasting trends. On the positive side of the ledger, two major regions recorded a slightly steeper decline than expected and underpinned global growth and trade in 2012. This can be seen in our Americas index (-15%), where the rise in insolvencies in Brazil – from a record low – was more than offset by steep falls in North America (-16% in the United States and -11% in Canada). It was also the case for our Asia-Pacific index (-5%), despite the exceptions of Taiwan and Singapore. On the negative side, insolvencies increased slightly more than expected in many European countries: first and foremost in the Mediterranean countries (+27%), but also in the northern countries (+5%), especially the Netherlands (+21%), as well as France (+2%). Germany (-6%), the United Kingdom (-4%), Switzerland (-4%) and Norway (-12%) provided notable exceptions.

Taking a closer look at European insolvency indices by sector, calculated using the same methodology as for the Global Insolvencies Index, the overall picture unsurprisingly translates into an equally unfavorable assessment for the three major sectors. The insolvency index for construction in Europe increased for the second year in a row in 2012, reflecting a significant deterioration in the situation for companies (+9% after +4% in 2011). The increase was less pronounced – but equally symptomatic – for the business and consumer services insolvency index (+7% after +6% in 2011). Last, the European industry index was up +3% after falling the two previous years (-13% in 2010 and -5% in 2011), meaning that the spike in 2009 (+40%) is yet to be erased.

## Some explanations...

In very many countries, there is a close correlation between the business cycle and insolvency figures. Generally, it takes GDP growth of 2% to 3% to stem the rise in insolvencies, and there is a very high elasticity of insolvencies to growth. A GDP growth reduction of 1 percentage point implies a 5% to 10% increase in insolvencies. In the second half of 2008, however, these general approximations, seen in practice from the start of the 1990s, were significantly exceeded: on top of the normal shock resulting from the economic cycle came the abrupt addition of exceptional factors directly stemming from the nature and impact of the global crisis. Indeed, the financial constraints now affecting businesses from summer 2008 onwards are behind half of the rise in insolvencies posted that year. But in 2009, it was in fact the record collapse in economic growth, due to the collapse in demand, that explains the bulk of the rise in insolvencies, which proceeded with exceptional ferocity (see opposite, and the country analyses on pages 8 through 28).

Over the long term, different countries have enjoyed very different average rates of growth, and this is reflected in diverging long-term insolvency trends, at least through 2007. Besides being affected by cyclical fluctuations, business insolvency figures can experience large variations due to changes in the provisions governing new business creations (because of the higher insolvency risk for start-ups) and, even more, due to changes in laws governing insolvency procedures. As in Slovakia in 2005, the change in US bankruptcy legislation in October 2005 triggered a wave of anticipatory insolvencies in that country, followed by a sharp fall in insolvencies in the first quarter of 2006, resulting in marked volatility in the annual US figures for 2005, 2006 and 2007.

### Global Insolvency Index

(annual change)

Basis 100 = 2000

	% of world GDP (**)	weight (*)	2011	2012	Forecasts 2013 f	2014 f
<b>Global Insolvency Index</b>	<b>85.4</b>	<b>100</b>	<b>-4%</b>	<b>1%</b>	<b>8%</b>	<b>2%</b>
Americas Index	29.2	34.2	-15%	-15%	-5%	-5%
Asia-Pacific Index	25.4	30.2	-6%	-5%	1%	2%
Northern Europe Index	13.0	15.3	-2%	5%	2%	-3%
Germany-Austria-Switzerland Index	6.9	8.1	-5%	-5%	1%	-2%
France Index	4.1	4.8	0%	2%	2%	-1%
Medit. & African countries Index	6.9	8.1	17%	27%	32%	12%
Euro zone Index	19.2	22.5	8%	16%	21%	7%

(\*) share of Global Insolvency Index

(\*\*) GDP 2011 weighing at current exchange rates

Sources: National figures, Euler Hermes forecasts

### Statistics by country

	% of world GDP (**)	weight (*)	2012 number	2012 change	Forecasts 2013 f	2014 f
USA	22.5	26.4	40,075	-16%	-7%	-6%
China	10.9	12.8	2,626	-14%	4%	3%
Japan	8.8	10.3	12,124	-5%	-3%	3%
Germany	5.3	6.2	28,297	-6%	1%	-2%
France	4.1	4.8	60,958	2%	2%	-1%
Brazil	3.7	4.3	1,495	26%	20%	0%
UK	3.6	4.2	29,940	-8%	-7%	-6%
Italy	3.3	3.8	12,442	2%	7%	0%
Russia	2.8	3.2	14,072	10%	2%	-3%
Canada	2.6	3.0	3,236	-11%	-4%	-2%
Spain	2.2	2.6	7,799	32%	40%	15%
Australia	2.2	2.6	10,632	1%	3%	2%
Korea (South)	1.7	2.0	1,228	-10%	1%	-2%
Netherlands	1.2	1.5	8,616	21%	7%	-1%
Switzerland	0.9	1.1	4,513	-4%	-2%	-4%
Sweden	0.8	0.9	7,471	7%	10%	3%
Poland	0.8	0.9	941	29%	10%	2%
Belgium	0.8	0.9	10,587	4%	11%	2%
Norway	0.7	0.8	3,814	-12%	-3%	-6%
Taiwan	0.7	0.8	260	2%	6%	4%
Austria	0.6	0.7	6,041	3%	4%	0%
South Africa	0.6	0.7	2,928	-17%	-4%	-4%
Denmark	0.5	0.6	5,456	0%	3%	-3%
Greece	0.4	0.5	1,400	30%	10%	3%
Finland	0.4	0.5	3,471	1%	3%	-2%
Singapore	0.4	0.5	151	34%	1%	-3%
Chile	0.4	0.4	129	-3%	1%	-4%
Hong Kong	0.4	0.4	312	-6%	3%	-2%
Portugal	0.4	0.4	6,727	42%	9%	1%
Ireland	0.3	0.4	1,684	3%	-3%	-8%
Czech Republic	0.3	0.4	3,764	46%	10%	10%
Romania	0.3	0.3	29,769	31%	-3%	-14%
New Zealand	0.2	0.3	2,345	-8%	-2%	-2
Hungary	0.2	0.2	22,389	13%	4%	-4%
Slovakia	0.1	0.2	1,050	6%	5%	4%
Lithuania	0.1	0.1	1,339	5%	5%	-5%
Luxembourg	0.1	0.1	1,053	8%	0%	-5%
Latvia	0.0	0.0	881	0%	6%	-3%
Estonia	0.0	0.0	506	-19%	1%	-4%

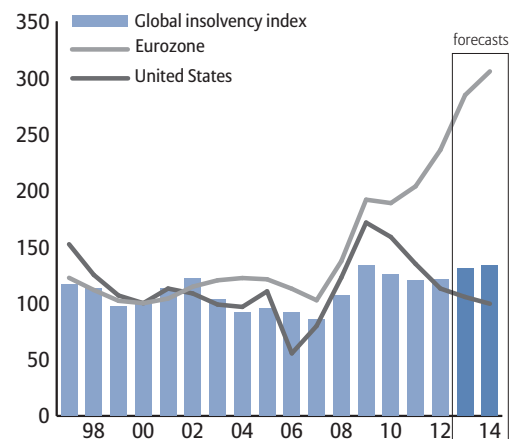
(\*) share of Global Insolvency Index

(\*\*) GDP 2011 weighing at current exchange rates

Sources: National figures, Euler Hermes forecasts

### Global Insolvency Index

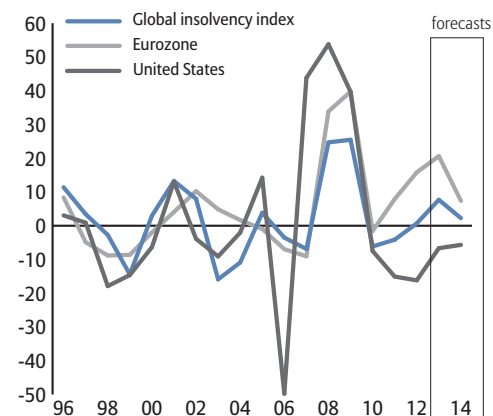
basis 100 = 2000



Sources: National figures, Euler Hermes calculation and forecasts

### Global Insolvency Index

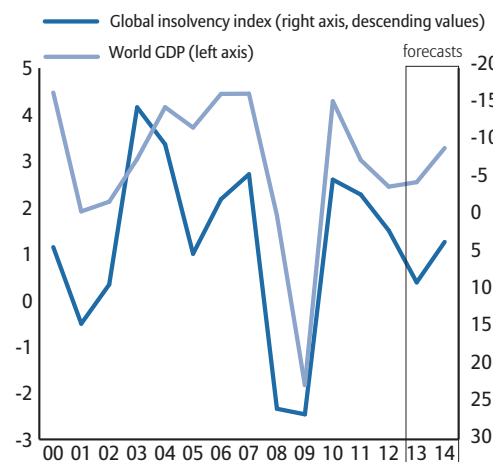
annual change in %



Sources: National figures, Euler Hermes calculation and forecasts

### Insolvency and world GDP

annual change in %



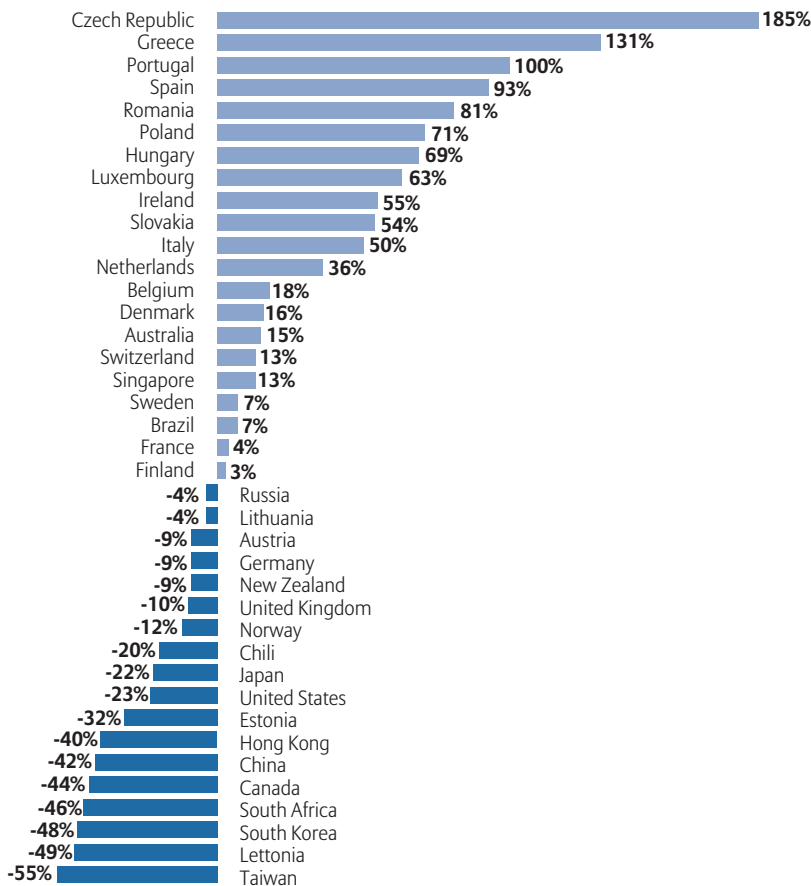
Sources: National figures, Euler Hermes calculation and forecasts

**2013-2014 outlook: insolvencies set to rise further, especially in Europe**

The downward revision in our macroeconomic scenario despite the easing of global financial tensions – see our *Economic Outlook no. 1193* – does not favor an across-the-board downward revision in insolvency forecasts. On the contrary. Indeed, we have revised downwards our estimates for Asia (1pp), which could nevertheless post a (slight) rise in bankruptcies after the low levels reached in 2012. On the other hand, our estimates are unchanged for the Americas, where insolvencies should continue to fall albeit at a slower annual pace than in 2012 (-5%). Likewise, our estimates are unchanged for northern Europe, France and Germany-Austria-Switzerland. These countries should all see a rise in bankruptcies (+2%, +2% and +1% respectively). Last, confirmation of the tougher climate in the Mediterranean countries further delays any hope of a growth recovery rapidly filtering through to a more favorable climate for business. With its economy expected to remain in recession (0.3% after -0.5% in 2012), our insolvency index for the eurozone is likely to again rise sharply (+21%). The European authorities are aware of this and are paying increasing attention to cross-border aspects of insolvencies – see *focus on page 7*. This rise in Europe accounts for most of the upward revision in our Global Insolvencies Index. All in all, we expect the global index to increase significantly in 2013 (+8% compared with +4% in our previous estimate). The outlook points to a slowdown in 2014 (+2%) on the back of a recovery in global growth (0.8pp increase in GDP growth to +3.2%) spreading to a greater number of countries, including Europe. [\\_ML](#)

**Insolvency in 2012**

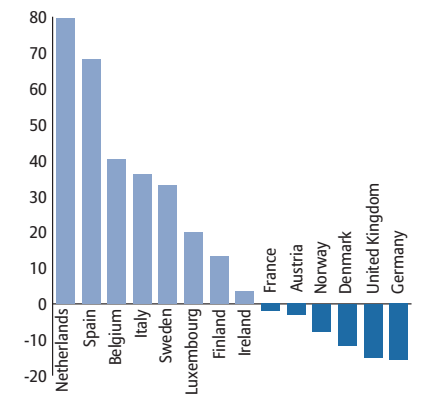
level of insolvencies 2012 compared to 2008-2009 average, in %



Sources: National figures

**Insolvencies in construction**

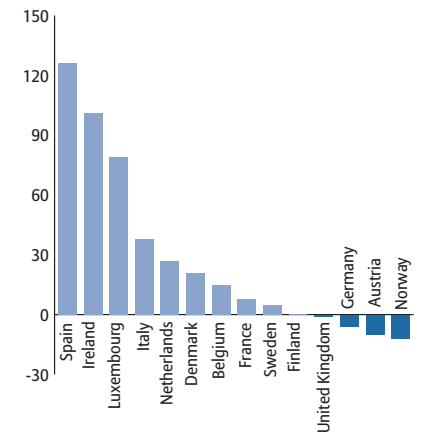
level of insolvencies 2012 compared to 2008-2009 average, in %



Sources: National figures

**Insolvencies in services**

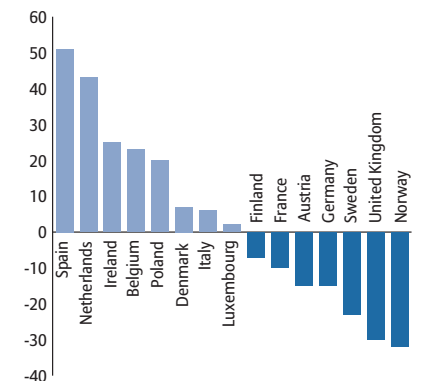
level of insolvencies 2012 compared to 2008-2009 average, in %



Sources: National figures

**Insolvencies in industry**

level of insolvencies 2012 compared to 2008-2009 average, in %



Sources: National figures

The regulation of cross-border aspects of bankruptcy was originally based on a principle of universality of bankruptcy, meaning that a single debtor cannot be the subject of several insolvency proceedings even if some of its assets are located abroad. Since 31 May 2002, the Regulation (EC) no. 1346/2000 on insolvency proceedings adopted by the Council of the European Union in 2000 applies to all Member States of the European Union (except Denmark which did not ratify the text). The EU regulation lays down the coordination of national insolvency proceedings with a view to overcoming the problem of forum shopping, where litigants seek the most favorable jurisdiction.

### Scope of the regulation (EC) N° 1346/2000: single proceeding

Since 2000, in order to avoid multiple different insolvency proceedings from being opened in several Member States where a multinational firm is present, the Regulation has established a single procedure for recovery plans or judicial liquidation. The law of the Member State in which main interests of the debtor are located shall govern insolvency proceedings.

#### ► “Main” proceedings

Member State can open insolvency proceedings against a company if this company's main interests reside in that state. These so-called “main” proceedings have universal effect.

#### ► “Territorial” or secondary proceedings

Other Member States are nevertheless entitled to open so-called secondary insolvency proceedings if the debtor owns an establishment and carries out a non-transitory economic activity in this other state's territory. However, a hierarchy exists in favor of the liquidator of the main proceedings, who can exercise a certain control over the secondary proceedings.

### Amendment to the regulation and potential progress: a second chance for companies in difficulties

The 2007 economic crisis battered many companies, which may have been able to pull out of trouble if they were offered a second chance. Well aware of this problem, the European Commission wishes to adopt a new approach and tabled in front of the European Parliament on 12 December 2012 a proposal to amend Regulation

## European Regulation on cross-border aspects of bankruptcy

no.1346/2000 with a view to promote cross-border investment and protect employment. This initiative seeks to update the rules concerning bankruptcies after 10 years of application and to stimulate economic recovery.

#### We note five main reforms:

- extension of the Regulation's scope of application to pre-insolvency proceedings;
- clearer definition of the centre of main interests that determines the competent jurisdiction;
- liquidation must no longer be the rule in terms of secondary proceedings;
- application of the Regulation to groups of companies;
- the introduction of rules on publicity of insolvency proceedings and the lodging of claims.

**The new rules will no longer be based on liquidation but will adopt a novative approach to assist companies with sufficient means to rapidly and adequately overcome their financial difficulties, all the while protecting the creditors' right to be paid.** The proposal therefore provides for a larger-scaled

harmonization of national bankruptcy laws. A period of three years for debt rehabilitation and resolution should constitute a maximum limit for honest entrepreneurs and be as automatic as possible. Solutions must also be found to decrease restructuring costs for SMEs, such as a limit on fees, given that bankruptcy is often, for now, their only viable option.

#### ► Advantages

- This would enable creditors to recover larger sums if a decision were taken to improve prospects of reorganization by encouraging more creditors to support restructuring plans.
- This would increase confidence in the efficiency of EU financial infrastructure from trade and financial sectors.

**The Commission highlighted a certain number of areas where differences in national law can give rise to legal uncertainty and to an “unfavorable” environment for businesses and investment, such as:**

- The criteria applied for opening insolvency proceedings. In certain Member States, proceedings may be opened only for debtors that are already affected by financial difficulties and are

insolvent (Netherlands, Italy, France). In others, proceedings can be opened for solvent companies that anticipate insolvency in the imminent future (Germany, Great Britain).

- The rules governing the opening of the proceedings and the deadlines debtors must meet (between two weeks and two months to file for bankruptcy). The length of the timeframe may impact a debtor's ability to solve financial difficulties.
- Possibilities granted to creditors. Any limitations on the creditor's ability to commence insolvency proceedings may lead to situations where a creditor is treated differently when it comes to opening main and secondary proceedings against the same debtor.
- The transparency and efficiency of the claims filing and verification process. They impact significantly on creditors' ability to obtain a satisfactory outcome of insolvency proceedings. Concerning failure to meet the time limit, in some countries a creditor who missed the time limit may lose its rights to advance and obtain a satisfactory outcome of its claim in bankruptcy proceedings, whereas in other Member States it does not.
- National legal frameworks for restructuring plans. While the laws of Member States generally accept that it is up to the debtor to put forward a restructuring plan, the rules on whether creditors may propose a plan or influence its preparation vary. *Mathilde.L*

NB: The Regulation does not apply to the particular situation of banks, insurance companies and other lending establishments. Ditto for groups of companies.

## ► Euler Hermes Americas Region

# United States

## Insolvencies to drop further

The outgoing tide in insolvencies since 2010 continued in 2012 (-16%) thanks to resilient economic growth (+2.2% after +1.8% in 2011). The recovery in the housing market and the rise in asset prices boosted household consumption, which in turn supported growth. The manufacturing sector is recovering on the back of lower labor costs and energy costs thanks to the boom in shale gas. This renewed vigor can also be largely explained by an improvement in lending conditions for businesses sustained by the Fed's policy of monetary easing. All in all, the United States remains a propitious environment for business demography, with the population of active businesses trending upwards +3% per year. And yet, despite what appear to be very favorable prospects for investment (+7% on average in 2013-2014), the years ahead promise to be rich in challenges for US companies.

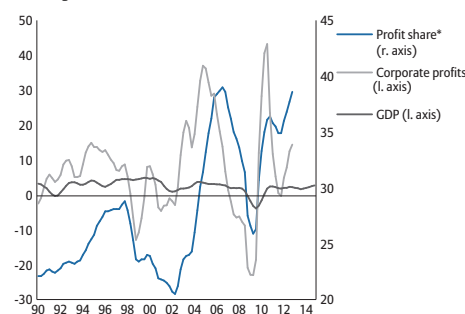
### 2013-2014 outlook: business investment running hot and cold

The climate of uncertainty weighing over global demand, the ongoing deleveraging in the private sector and the relative lack of household confi-

dence suggest domestic demand may remain subdued. Short-term indicators confirm confidence in industry has chilled and this state of affairs continues to be fed by questions over the debt ceiling, despite the fact that US corporate earnings have reached record levels after another increase in 2012 (+14%). They now equate to 39% of GDP, bordering on the 2006 historic peak. In this mixed environment, characterized by both caution and economic vigor, bankruptcies are expected to continue to fall back in 2013 (-7%) and 2014 (-6%). This trend was comfortably confirmed in the first quarter. *LP/ML*

### Economic growth and corporate profits

annual growth and ratio in %



(\*) ratio of corporate profits to nominal GDP  
Sources: National accounts, Euler Hermes

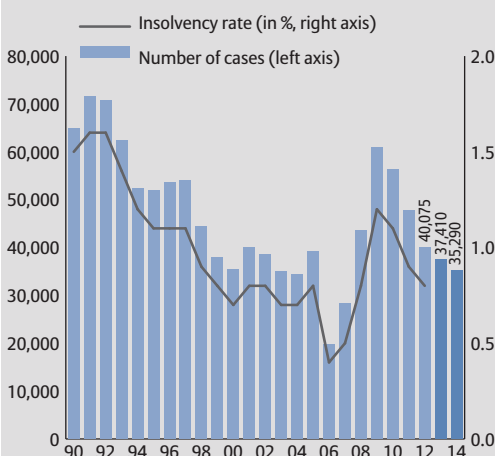
### Business bankruptcies by Chapter in 2012

	number	change(*)	share
Chapter 7	27,177	-18.9%	67.8%
Chapter 11	8,840	-9.1%	22.1%
Chapter 12	510	-19.7%	1.3%
Chapter 13	3,187	-10.8%	8.0%
Other Chapters	361	6.2%	0.9%
<b>Total</b>	<b>40,075</b>	<b>-16.2%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: Administrative Office of US Courts

### Insolvencies



Sources: Administrative Office of US Courts, US Census, Euler Hermes

### Major insolvencies

Company	Turnover (millions of euros) *	Activity	Date of insolvency	Number of employees
<b>2012</b>				
Eastman Kodak Company	4,562	Manuf. of optical instruments and photographic equipment	01/2012	18,800
Hostess Brands Inc.	2,045	Manuf. of other food products	01/2012	19,000
Hawker Beechcraft Acquisition Company LLC	1,845	Manuf. of aircraft and spacecraft	05/2012	6,000
Patriot Coal Corporation	1,457	Mining and agglomeration of hard coal	07/2012	4,300
Houghton Mifflin Harcourt Publishing Company	981	Publishing	05/2012	3,300
<b>2013 (as of end of March)</b>				
RDA Holding Co.	2,041	Printing and service activities related to printing	02/2013	500
Central European Distribution Corporation	1,351	Manuf. of beverages	04/2013	4,540
Supermedia, Inc.	1,026	Publishing	03/2013	3,200
Dex One Corporation	985	Business activities	03/2013	2,300
School Specialty, Inc.	555	Retailing trade not in stores	01/2013	1,750

(\*) at 1 euro = 1.2 US\$

Source: Euler Hermes



# Canada

## New lows thanks to favorable business climate

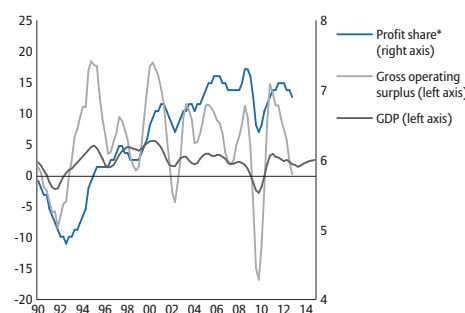
Continuing the downward trend since 1996 – interrupted only in 2001 – Canadian corporate bankruptcies fell further in 2012 (-11.1%). This trend was seen in all major sectors except for agriculture and utilities, where insolvencies were up slightly. In absolute terms, the most-affected sectors remain trade and construction (which together accounted for nearly 40% of total insolvencies in 2012). Companies have been quite resilient, particularly in sectors such as commodities, aerospace, rail transport, telecoms and IT. Among the keys to this success: first, resilient growth, with positive contributions almost every year from household consumption (+1.9% in 2012), investment (+3.3% in 2012) and exports (+3%), the latter thanks in particular to privileged relations with the United States, Canada’s largest economic market (80%); second, the country’s growing ties with less “traditional” trading partners in Asia and Latin America, which has enabled Canada to reduce its reliance on the US market.

**2013-2014 outlook: 2012 as a floor level**  
 Although the slower growth regime observed in 2012 (+1.8% after +2.6% in

2011) is forecast to continue through 2013 (+1.9% before +2.5% in 2014), companies should be able to absorb the shortfall without too much damage, given that operating profits stabilized at a record level in 2012 and, although slightly down, account for what is still a substantial share of GDP. Insolvencies should continue to fall, albeit at a less sustained pace (-4% in 2013 and -2% in 2014). The lows reached in 2012 (3,236 bankruptcies) and again in 2013 increasingly appear to constitute a floor in light of trends in business demography (slower growth in 2010 but a strong surge over the previous decade). *\_LP/ML*

### Economic growth and corporate profits

annual growth and ratio in %



(\*) ratio of gross operating surplus to GDP  
 Sources: National accounts, Euler Hermes

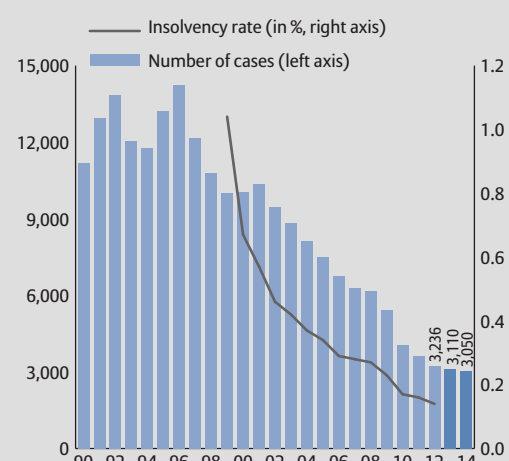
### Insolvencies by sector in 2012

	number	change (*)	share du secteur
Agriculture	113	1.8%	3.5%
Manufacturing	308	-21.6%	9.5%
Utilities	11	10.0%	0.3%
Construction	607	-2.1%	18.8%
Trade	611	-13.1%	18.9%
Hotels & restaurants	440	-13.7%	13.6%
Transport & comm.	266	-12.8%	8.2%
Financial intermediation	59	-26.3%	1.8%
Real estate	77	-26.0%	2.4%
Business activities	394	-2.7%	12.2%
Households services	350	-12.7%	10.8%
<b>Total</b>	<b>3,236</b>	<b>-11.1%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: Office of the superintendent of bankruptcy

### Insolvencies



Sources: Office of the superintendent of bankruptcy , StatCan , Euler Hermes

### Major insolvencies

Company	Turnover (millions of euros) *	Activity	Date of insolvency	Number of employees
<b>2012</b>				
Catalyst Paper Corp.	1,173	Manuf. of paper and paper products	01/2012	1,900
Northstar Aerospace Inc.	217	Manuf. of aircraft and spacecraft	06/2012	750
Cinram International Income Fund	-	Reproduction. of recorded media	06/2012	10,000
Aveos Performance Aeronautique Inc.	-	Supporting and auxiliary transport activities; activities of travel agencies	03/2012	3,400
Sino-Forest Corp.	-	Forestry, logging and related service activities	03/2012	3,032
Boutique Le Pentagone Inc.	-	Retailing	04/2012	650
Farley Windows Inc.	-	Manuf. of plastics products	11/2012	330
<b>2013 (as of end of March)</b>				
Bargain! Shop Holdings Inc.	-	Retailing	02/2013	2,800
EFFIGI Inc.	-	Wholesaling of household goods	03/2013	300
John Forsyth Shirt Company Ltd	-	Manuf. of wearing apparel, except fur apparel	02/2013	300

(\*) at 1 euro = 1.285 CAD\$

Source: Euler Hermes

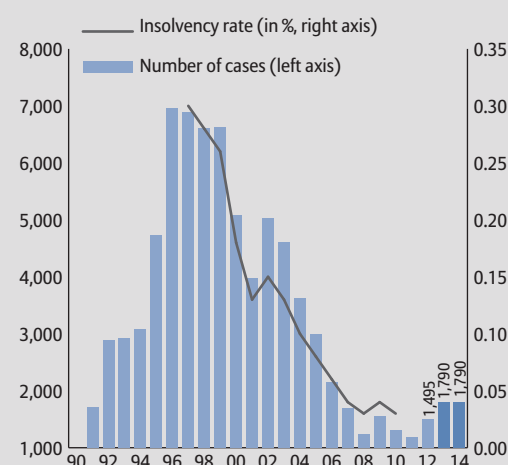
## Brazil

### Rising insolvencies to be taken with a grain of salt

After falling between 2009 and 2011 (-30% cumulative), corporate insolvencies in Brazil (mainly “falencias decretadas” and “recuperações judiciais deferidas”) increased steeply in 2012 (+25.7%) under the effect of a sluggish economy (+0.9% after +2.7% in 2011 and +7.5% in 2010) hampered mainly by slowing exports. This surge in insolvencies should nevertheless be kept in perspective for several reasons: first, 2011 saw a record low; second, the business population continues to grow impressively (+65% over the past decade) as a result of a fast-growing economy boosted by brisk household consumption and the country's opening up to the exterior; third, Brazilian companies are likely to benefit from the country's available leeway to weather the rough global climate via spending on infrastructure and monetary policy (interest rate cut, credit

growth, etc.), with a depreciation of the Brazilian real benefiting exports (+4.5% forecast in 2013 and +6% in 2014), in particular in the energy, automobile and agricultural sectors. Nevertheless, insolvencies are expected to rise further in 2013 before stabilizing in 2014 with around 1,790 bankruptcies. *LP/ML*

#### Insolvencies



Sources: Serasa Experian, IBGE, Euler Hermes

## Chile

### Few bankruptcies and no change expected

After surging in 2008-2009, company liquidation proceedings quickly fell back to an annual figure of around 130 cases over 2010-2012, like in 2005-2006. Everything indicates that this figure is unlikely to vary much out to 2014, although large percentage changes remain possible (base effect). Latin America's “jaguar” appears fairly sound, with brisk growth (above +5.5% per year since 2010), although the economy could lose some steam in the short term (around +4.5% in 2013-2014). Chile's domestic market remains small but the economy is very open and the country has abundant resources to fuel exports: agriculture/viticulture and fisheries and, even more so, mineral commodities such as silver, gold and, especially, copper. Chile's copper sector accounts for 35% of global production and more than 55% of the country's exports, making it a vital industry for the country.

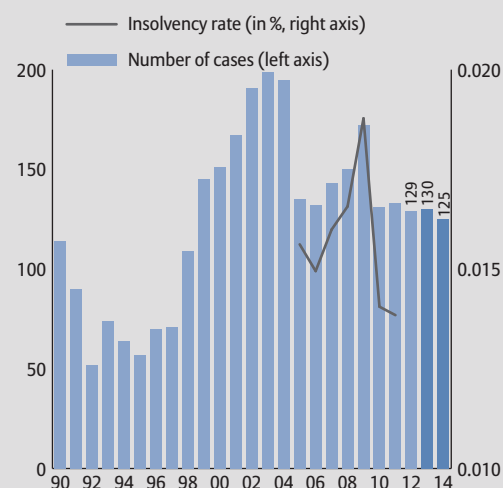
It does, however, make Chile reliant on the health of its main trading partners (China, United States, Japan, Brazil and also South Korea). *LP/ML*

#### Insolvencies by sector in 2012

	number	change (*)	share
Agriculture	15	-16.7%	11.6%
Manufacturing	26	-7.1%	20.2%
Construction	10	-47.4%	7.8%
Trade	36	20.0%	27.9%
Hotels and restaurants	1	-85.7%	0.8%
Transport-communication	10	233.3%	7.8%
Financial intermediation	3	0.0%	2.3%
Real estate	14	-26.3%	10.9%
Business activities	8	100.0%	6.2%
Households services	6	500.0%	4.7%
<b>Total</b>	<b>129</b>	<b>-3.0%</b>	<b>100%</b>

Source: Superintendencia de Quiebras  
(\*) Jan-Dec '11 to Jan-Dec '12

#### Insolvencies



Sources: Superintendencia de Quiebras, SII, Euler Hermes

## ► Euler Hermes Asia - Pacific Region

# Japan

## Downward trend witnessed since 2009 continues

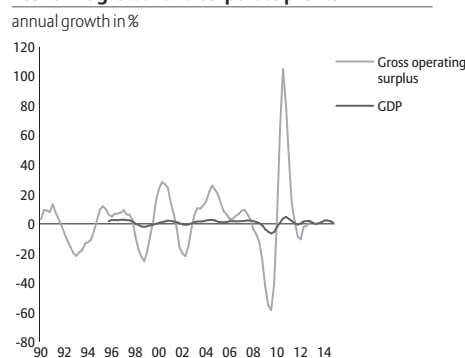
The rebound in the Japanese economy in 2012 (+1.9% after -0.5% in 2011) is somewhat misleading, as it results merely from a base effect linked to the March 2011 disaster and a good performance early in the year (+1.5% q/q). In other words, GDP contracted in each of the following three quarters to finish the year at its end-2011 level (+0.1% y/y). Exports suffered a severe setback with the renewed slowdown in global demand and the resurfacing of Sino-Japanese tensions. This further weakened investment, which was already being held back by barely stable household consumption and unfavorable borrowing conditions (high interest rates in a deflationary climate). Apart from public spending, construction investment was the only growth driver, paving the way for a pronounced fall in insolvencies in construction (-11.5%), for the fourth year in a row (-33% since 2008), and real estate (-12.6%). This contrasted with increases in sectors more exposed to the global economy (+9.1% for wholesale trade and +5.6% for transport/logistics/communications).

### 2013-2014 outlook: trend reversal in 2014

In early 2013, the Abe government and the new Bank of Japan governor

committed to conducting a pro-growth policy mix. The more expansionary monetary policy, with a view to fighting deflation, and the new fiscal stimulus plans have increased short-term growth prospects, which are now for +1% in 2013 and +0.9% in 2014. Against this backdrop, bankruptcies are likely to continue to fall in 2013 (-3% after -4.8% in 2012) and reach a 20-year low. It is less likely that this trend will continue into 2014. *\_VR/ML*

### Economic growth and corporate profits



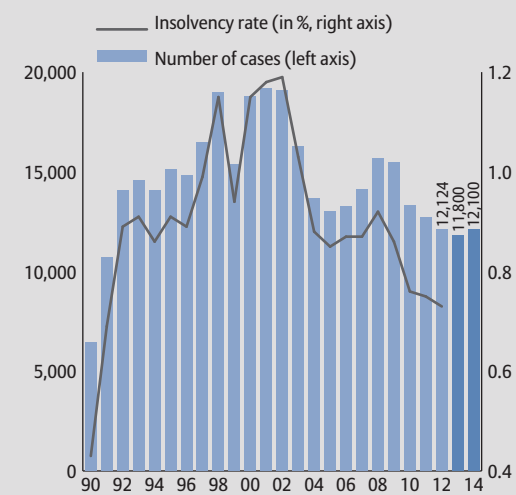
### Insolvencies by sector in 2012

	number	change (*)	share
Agriculture & prim. ind.	98	0.0%	0.8%
Manuf. industry	1,790	-5.8%	14.8%
Construction	3,002	-11.5%	24.8%
Wholesaling	1,790	9.1%	14.8%
Retailing	1,431	-3.9%	11.8%
Transport & communications	980	5.6%	8.1%
Finance	58	7.4%	0.5%
Real estate	367	-12.6%	3.0%
Other services & Others	2,608	-7.3%	21.5%
<b>Total</b>	<b>12,124</b>	<b>-4.8%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: TSR

### Insolvencies



### Major insolvencies

Company	Turnover (millions of euros) *	Activity	Date of insolvency	Number of employees
<b>2012</b>				
Elpida Memory	4,286	Manuf. of electronic components	02/2012	5,800
Sanko Steamship	830	Sea and coastal water transport	07/2012	116
Taiheiyo Club	93	Sporting and other recreational activities	01/2012	na
NIS Group	33	Financial intermediation	05/2012	134
Taiheiyo Ariesu	na	Sporting and other recreational activities	01/2012	na
Fuji Stadium Golf Club	6	Sporting and other recreational activities	07/2012	na

(\*) at 1 euro = YEN 120

Source: Euler Hermes

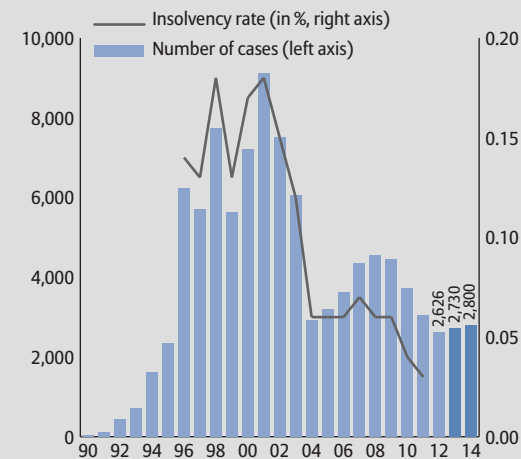
# China

## Probable rise after a twenty-year low

Still exposed to the global economic cycle, China's economy slowed markedly in 2012 (+7.8% after +9.3% in 2011) under the effect of a pronounced slowdown in exports but also a slower growth regime for private consumption and investment. In 2013-2014 GDP growth is forecast to rise above +8% on the back of a (moderate) steadying of exports and domestic demand, in addition to official stimulus measures and monetary policy in particular. However, the new executive is clearly seeking a rebalancing of growth in favor of private consumption rather than higher growth. In other words, companies should no longer expect double-digit GDP growth. This is likely to drive up corporate insolvencies, and all the more so as the business population continues its upward trajectory since 2005. After four years of decline (14% in 2012), volumes are now below the 2004

low (2,626 cases). With this in mind, bankruptcies are expected to rise +4% in 2013 and +3% in 2014, although statistics only include companies implicated in official proceedings, namely companies that are either state-owned or among the most prominent. *\_VR/ML*

### Insolvencies



Sources: China Court, Sinotrust, NBS, Euler Hermes

# South Korea

## Corporate defaults continue to fall

The former Asian dragon consolidated its position among the world's 15 largest economies in 2012, although did lose some steam, with GDP growth back down to +2% (after +3.7% in 2011 and +6.3% in 2010). On the second semester in particular, exports (electronics, cars and mechanical capital goods) suffered in the face of slowing global demand and the appreciation of the won (against the dollar and the yen), causing defaults in the industrial sector to increase (+4% to 452 cases representing almost 37% of total numbers insolvencies of the country). The situation continued to improve in the rest of the economy, however, with another sharp decrease in insolvencies in construction (-12.5%) and services (-19.6%) for a total fall of -10% and a new record low (at 1,228 cases). The potential for a further decrease is diminishing but the downward trend could resume in 2014 after a stabiliza-

tion in 2013, with a slight lag behind the upturn in economic growth (+2.5% in 2013 and +3.5% in 2014). *\_VR/ML*

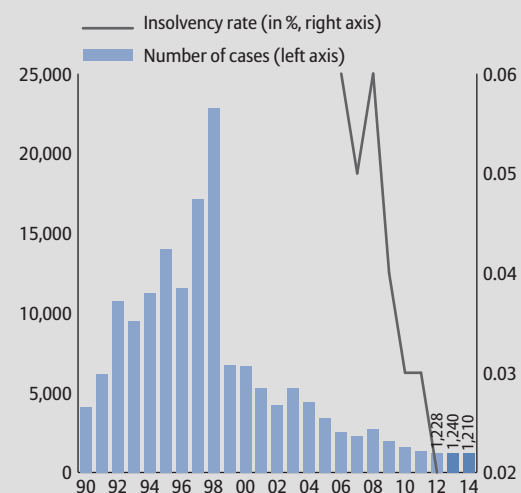
### Insolvencies by sector in 2012

	number	change (*)	share
Industry	452	3.9%	36.8%
Construction	237	-12.5%	19.3%
Services	476	-19.6%	38.8%
Others	63	3.3%	5.1%
<b>Total</b>	<b>1,228</b>	<b>-9.6%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: Central Bank of Korea

### Insolvencies



Sources: Central Bank of Korea, KOSTAT, Euler Hermes

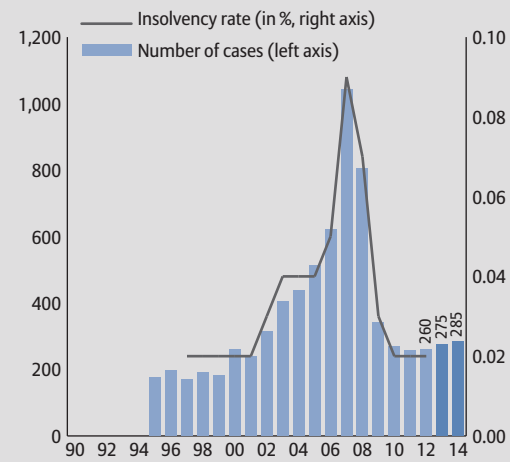
## Taiwan

### Set to rise despite the recovery

For Taiwan’s very-export-driven economy built around an increasingly hi-tech industry (biotechnology, nanotechnology, electronics, networks, etc.), 2012 was less buoyant than expected (+1.3%) and less brisk than previous years (+4.1% in 2011 and +5% on average from 1990 to 2008) under the effect of weak exports (+0.1%) and, even more so, weak investment (-4.4%). After falling sharply, insolvencies as per the figures of the Taipei authorities’

bankruptcy records appear to have reached a floor at around 260 cases per year. Pending confirmation of a recovery in the global economic cycle, there could be a small increase in this number of insolvencies to come (+6% in 2013 and +4% in 2014). *\_VR/ML*

Insolvencies



Sources: Judicial Yuan of the Republic of China, Euler Hermes

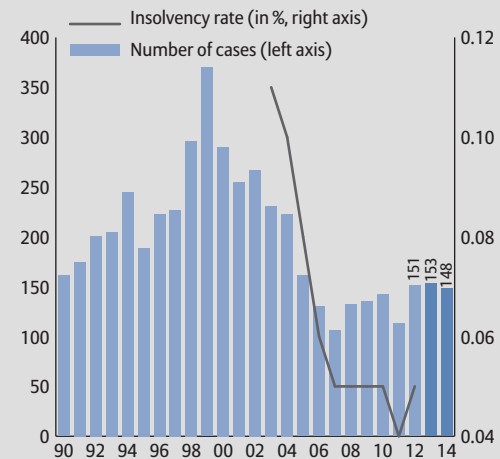
## Singapore

### For a few liquidations more

A regional trade and financial services hub for East and Southeast Asia, Singapore was not spared from the slowdown in global trade in 2012. GDP decelerated sharply, slowing from +5.2% in 2011 to +1.3% in 2012, forcing companies to make adjustments. The increase in liquidations (+34%) is symptomatic but should not be overstated as it results above all from a base effect: 151 liquidations were

recorded in 2012 – well below their 1999 peak – and a similar figure is expected again in 2013. Slightly less are forecast for 2014, with the gradual reacceleration of regional and global trade bolstering growth in the city-state (+2.6% in 2013 and +3.8% in 2014). *\_VR/ML*

Insolvencies



Sources: Insolvency and Public Trustee's Office, Statistics Singapore, Euler Hermes

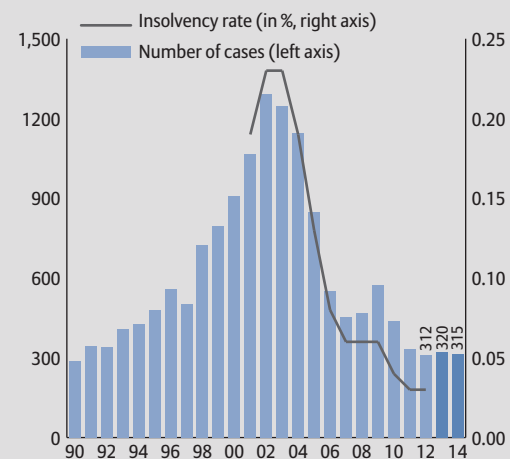
## Hong Kong

### A 20-year low

Despite a pronounced slowdown in Hong Kong’s economy, with growth falling to +1.4% in 2012 (after +4.9% in 2011 and +6.8% in 2010), the number of corporate liquidations continued to decline (6.3% in 2012) and reached a 20-year low. At such a level, even a slight increase in the number of liquidations will be enough to generate very pronounced growth in terms of percentage change. The pick-up in activity expected during 2013 (+3.8%) on the back of exports recovery and

Hong Kong’s pivotal role as a financial, logistics and shipping hub – in particular for China’s continental market – is expected to keep the number of liquidations at a low level, although a slight rebound is probable in 2013. *\_VR/ML*

Insolvencies



Sources: Official Receiver's Office & Companies Registry, Euler Hermes

# Australia

## Another modest increase in insolvencies

Fueled by an accommodating policy of monetary expansion, the upsurge in activity in 2012 (+3.6%) was not enough to reverse a rising tide of insolvencies (+1.4%). Economic prospects suggest this trend is likely to persist through 2013 and 2014, which would be consistent with a weakened outlook for investment and consumption combined with a slowdown in foreign demand (China, Japan, South Korea, India and the United States). While construction has seen a fall in order books, the loss of impetus in investment in the mining sector (uncertainty over commodity prices) will probably only partially be offset by new energy projects (natural gas). But this upward trend in insolvencies is also a consequence of reforms that encourage the rapid placement of struggling companies in liquidation or under administration – with directors at risk of being

held personally liable – and even more the consequence of the strong growth in the business population (increase from 15 million to 23 million in the space of ten years). *\_VR/ML*

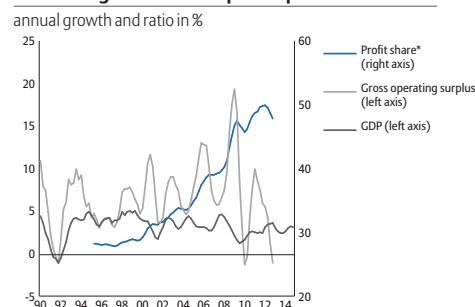
Insolvencies by region 2012

	number	change (*)	share
New South Wales	4,145	-3.8%	39.0%
Victoria	2,852	6.0%	26.8%
Queensland	2,298	12.2%	21.6%
South Australia	394	-4.6%	3.7%
Western Australia	666	-11.2%	6.3%
Tasmania	105	14.1%	1.0%
Northern Territory	32	-8.6%	0.3%
Australian Capital Territory	140	-1.4%	1.3%
<b>Total</b>	<b>10,632</b>	<b>1.4%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: ASIC

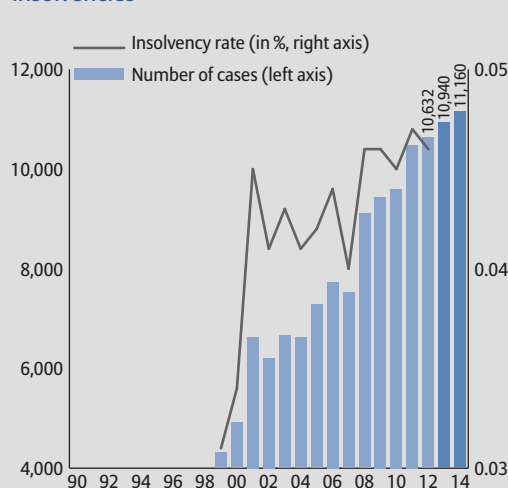
### Economic growth and corporate profits



(\*) ratio of gross operating surplus to value added

Sources: National accounts, Euler Hermes

### Insolvencies



Sources: ASIC, Euler Hermes

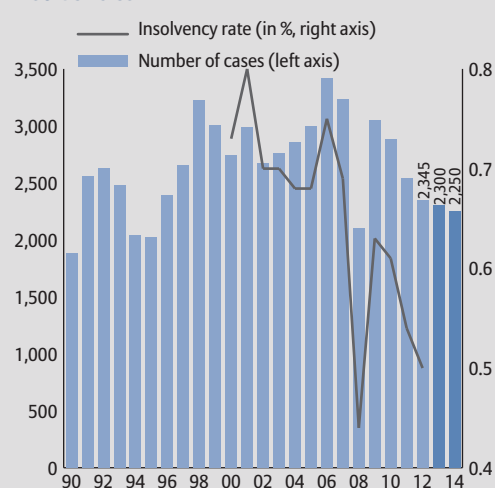
# New Zealand

## Bankruptcies continue to subside

After rising sharply in 2008-2009, the number of companies in default got back onto a downward curve (-7.6%), reflecting a recovering economy which, moreover, gathered momentum in 2012 (GDP +2.5%). Agriculture continues to drive growth, being the country's largest export (dairy products, eggs, meat), in addition to which New Zealand's substantial commodity resources (oil, gas, coal, timber) are subject to growing demand in neighboring Asian countries. This specialization in primary produce nevertheless makes companies extremely susceptible to fluctuations in world prices and could be behind the country's weak business demography. In 2012 multinational companies such as Heinz and Tobacco relocated part of their production to New Zealand in order to benefit from its lower labor costs (30% less expensive), providing some additional impetus to the coun-

try's economy. The outlook remains favorable, with GDP growth of between +2.5% and +3% in 2013 and 2014, which should filter through to bankruptcy statistics. Bankruptcies are expected to decline another -2% in the next two years, well below their average over the past decade. *\_LP/ML*

### Insolvencies



Sources: Ministry of Economic Development, Euler Hermes

► Euler Hermes  
France

# France

## Depressed finances, high insolvencies

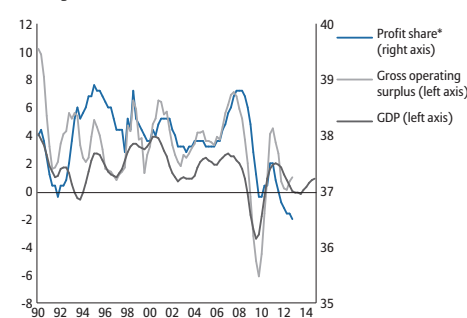
The French economy was stagnant in 2012. Insolvencies rose noticeably (+1.9%) after two years of rather moderate decline (-4.6% cumulative) in light of the surge between 2007 and 2010. Only two major sectors were spared – agriculture and wholesale trade – while insolvencies were stable in industry (nearly 4,300 companies). Listless household demand proved fatal for many more companies in retailing (+12.5% for the automobile sector and +1.2% for the rest), the hotel and restaurant sector and consumer services. Widespread destocking, stagnant investment and weakened exports resulted in losses in other sectors such as transport/warehousing (+10%), business services (+7%) and IT/communications (+1%). More generally, neither large nor intermediate-sized enterprises (between 250 and 5,000 employees) were spared. Companies suffer from both a lack of activity and a twofold structural problem: a lack of competitiveness, in part due to labor costs, and a lack of growth outlets for exports. Profit margins continue their downward spiral and are now back at 1988 levels.

### 2013-2014 outlook: no decline in bankruptcies before 2014

Insolvencies are not about to see a trend reversal. Activity prospects remain downbeat both in the domestic market and in the country’s main trading partners, further delaying a recovery in investment (-0.8% expected in 2013), itself already undermined by low capacity utilization rates. The private sector remains vulnerable, as reflected in the contraction in credit to non-financial companies (-0.8% y/y in February 2013). A recovery in growth in 2014 (+0.9%), on the back of exports, investment and the effects of the Competitiveness Pact, should see bankruptcies start to taper off (-1%). *\_LP/ML*

### Economic growth and corporate profits

annual growth and ratio in %



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

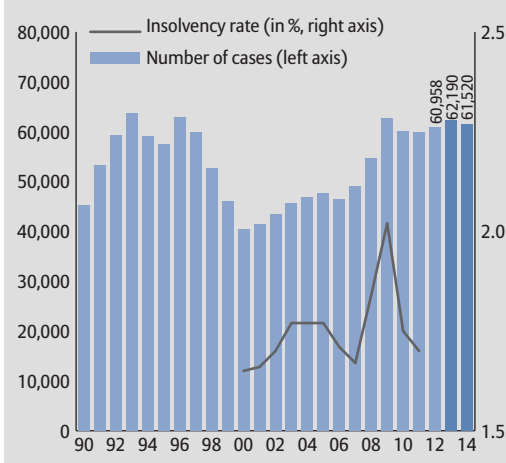
### Insolvencies by sector in 2012

	number	change (*)	share
Agriculture	1,212	-4.3%	2.0%
Manufacturing	4,287	-0.2%	7.0%
Utilities	164	5.8%	0.3%
Construction	15,157	1.3%	24.9%
Retailing	10,025	3.3%	16.4%
Wholesaling	3,284	-2.9%	5.4%
Hotels and restaurants	6,353	8.8%	10.4%
Transport-communication	3,530	5.9%	5.8%
Financial and real estate	3,531	4.9%	5.8%
Business activities	6,861	6.7%	11.3%
Households services	5,070	1.8%	8.3%
Other activities & services	1,484	-30.3%	2.4%
<b>Total</b>	<b>60,958</b>	<b>1.9%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: Euler Hermes France

### Insolvencies



Source: Euler Hermes France

### Major insolvencies

Company	Turnover (millions of euros) *	Activity	Date of insolvency	Number of employees
<b>2012</b>				
Petroplus Marketing france sas	3,647	Petroleum products (wholesale)	01/2012	33
Doux sa	431	Meat Processing	06/2012	na
Surcouf	337	Electronics wholesaling	02/2012	519
Sernam services	317	Post and courier activities	01/2012	na
Ets Doux frais	306	Meat Processing	06/2012	na
<b>2013 (as of end of March)</b>				
GAD sas	459	Meat Processing	02/2013	1,774
Virgin stores	305	Retailing	01/2013	1,216
Spanghero sas	118	Meat Processing	02/2013	331
Multitec	87	Building installation	03/2013	400
Bijoux G1	75	Manufacture of jewelry	02/2013	605

Source: Euler Hermes France

## ► Euler Hermes DACH Region

# Germany

## Moderate trend reversal in 2013

In 2012, economic growth weakened by increasing strains on foreign trade, with GDP rising by +0.9% (+3.1% in 2011), so as for Q4 2012 (-0.6% q/q). Against this backdrop, the decline in business insolvencies continued, dropping by -6% to 28,297 (-5.9% in 2011). This result was also partly due to a significant one-off calendar effect in 2012. By contrast, financial losses experienced a steep rise of +105.7% and totaled EUR 41.2 bn in 2012 (EUR 1.45 mn in liabilities per company). Corporate insolvencies continued to fall in all major sectors in 2012: trade (-9.2%), service sector (-5.8%), including hotels and restaurants (-11.0%), and construction (-5.5%). As for the major manufacturing sector, figures dropped slightly by 0.4%. However, several individual lines of businesses experienced a steep rise, such as textiles (+31.0%), computers and electronics (+5.8%) and machinery and equipment (+16.8%). The service sector still accounted for more than half of the national total (57%), followed by trading (18%), construction (16%) and the manufacturing sector (8%). Geographically, figures were down in most of the German states, for

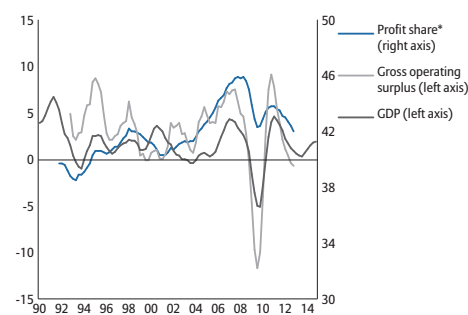
example in Saarland (-16.2%), Saxony-Anhalt (-14.9%) and Mecklenburg-Western Pomerania (-13.4%), while Thuringia (+7.7%), Hamburg (+4.8%) and Schleswig-Holstein (+3.5%) developed against the downtrend.

### Outlook: temporary increase, followed by a decline

Moderate GDP growth of +0.7% is projected for 2013 and +1.9% in 2014. Given the current economic slowdown, a +1% increase in insolvencies is expected for 2013 followed by a slight decline of -2% in 2014 to reach 28,100. Bad debts will remain at relatively high level despite an expected drop in 2013 (-25% to EUR 31 bn) and in 2014 (-6% to EUR 29 bn). *RG*

### Economic growth and corporate profits

annual growth and ratio in %



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

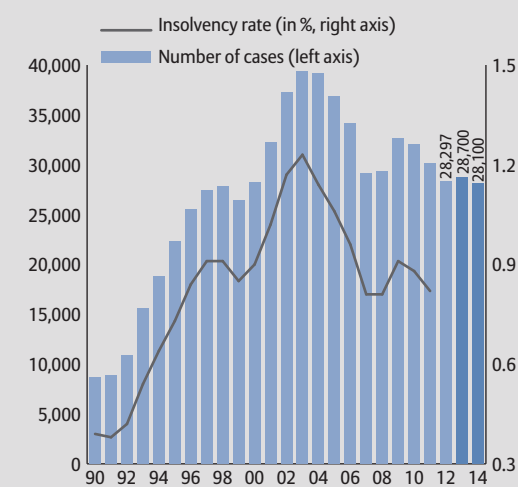
### Insolvencies by sector in 2012

	number	change (*)	share
Manuf. industry	2,246	-0.4%	7.9%
Construction	4,512	-5.5%	15.9%
Trade	5,224	-9.2%	18.5%
Transport & communications	2,965	-3.0%	10.5%
Hotels & restaurants	3,011	-11.0%	10.6%
Real estate	980	-14.9%	3.5%
Finance & business services	6,385	-3.1%	22.6%
Other services	2,725	-5.4%	9.6%
Others	249	-3.5%	0.9%
<b>Total</b>	<b>28,297</b>	<b>-6.0%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: Destatis

### Insolvencies



Sources: Destatis, Euler Hermes

## Major insolvencies

Company	Turnover (millions of euros) *	Activity	Date of insolvency	Number of employees
<b>2012</b>				
Schlecker	4,700	Retailing trade of new goods in specialized stores	01/2012	32,000
Q-Cells SE	1,354	Manuf. of tubes and other electronic components	04/2012	2,360
P + S Werften GmbH	222	Building and repairing of ships and boats	08/2010	1,750
Sovello GmbH	148	Manuf. of tubes and other electronic components	05/2012	1,060
SIAG Schaaf Industrie AG	144	Manuf. of general purpose machinery	03/2012	1,870
<b>2013 (as of end of March)</b>				
B.COM Computer AG	253	Computer related activities	03/2013	135
SHW Casting Technologies GmbH	79	Casting of metals	04/2013	800
Adam GmbH	54	Publishing, printing and reproduction. of recorded media	01/2013	140
Hess AG	43	Manuf. of electric lamps and lighting equipment	02/2013	360
Dronco AG	32	Manuf. of general purpose machinery	02/2013	300

Source: Euler Hermes



# Switzerland

## Coming back from the peak

Looking beyond the ongoing rise in bankruptcies under art. 731 of the Swiss Code of Obligations (+19% in 2012 after +23% in 2011), insolvency-caused bankruptcies relating to problems of activity or profitability declined in 2012 (-3.9%) after having risen for three consecutive years. Swiss GDP slowed only slightly in 2012 (+1% after +1.9% in 2011), with the resilience of household demand partially offsetting the slower pace of growth in exports and investment. Despite the downtrend in profit margins, this context remained favorable for the industrial sector on the whole, led by large exporting companies (metallurgy, mechanics, chemicals, pharmaceuticals, textiles, watchmaking and agrifoods) and SMEs, which form the heart of the country's economic fabric and fare better in the face of a buoyant Swiss franc. The environment is likely to remain favorable out to 2014, although a shift in growth

drivers is expected, with domestic demand to contribute less, external demand more. The decline in insolvency-caused bankruptcies, which carried on through the first quarter of 2013, is expected to continue (-2% in 2013 and -4% in 2014). *\_LP/ML*

**Insolvencies by region 2012**

	number	change (*)	share
Zurich	754	-1.8%	16.7%
Berne	323	-12.2%	7.2%
East Switzerland	485	-3.6%	10.7%
North West Switzerland	751	-0.9%	16.6%
Central Switzerland	476	-8.3%	10.5%
West Switzerland	1,399	-2.6%	31.0%
Ticino	325	-5.5%	7.2%
<b>Total</b>	<b>4,513</b>	<b>-3.9%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12  
Sources: OFS, Creditreform

# Austria

## Rebound in bankruptcies

Austria's economy slowed markedly in 2012 (1.9pp to +0.8%) after a contraction in the fourth quarter. Household consumption lacked vigor but showed resilience in light of the drastic slowdown in exports (-5.4pp), in particular to southern Europe, and investment (4.5pp). Against this backdrop, value added and gross operating profits as measured in the national accounts were more or less stable, but the downtrend in profit margins under way since late 2011 continued and the downward wave in insolvencies came to a halt in several major sectors, such as services, transport and communications, and construction. All in all, bankruptcies rose noticeably in 2012 (+2.9%) despite declining in industry (+2.9%) despite declining in industry and in the hotel and restaurant sector. This rise may persist (+4% in 2013 and 0% in 2014) as the economic recovery struggles to gain traction after a hesitant first quarter. GDP is likely to grow

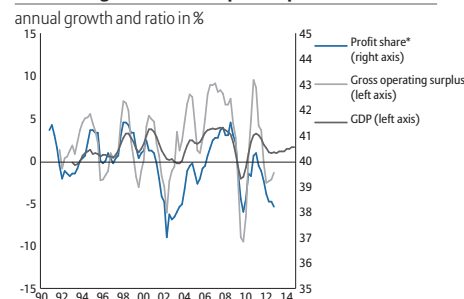
only slightly in 2013 (+0.4%) before picking up more firmly in 2014 (+1.4%) on the back of a gradual improvement in foreign demand (+3.4% after +1.4% in 2013). Exporting sectors will be the first to benefit, followed by investment (+2.5% in 2014). *\_VR/ML*

**Insolvencies by sector in 2012**

	number	change (*)	share
Construction	1,045	11.4%	17.3%
Industry	946	-7.1%	15.7%
Transport & comm.	682	4.4%	11.3%
Hotels & restaurants	869	-4.5%	14.4%
Other services	1,062	5.3%	17.6%
Others	1,437	7.2%	23.8%
<b>Total</b>	<b>6,041</b>	<b>2.9%</b>	<b>100%</b>

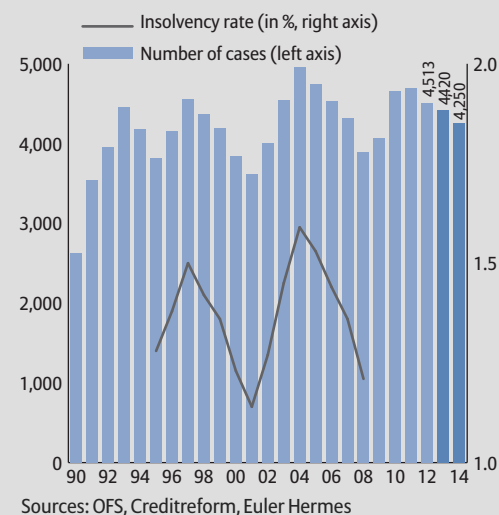
(\*) Jan-Dec '11 to Jan-Dec '12  
Source: KSV

### Economic growth and corporate profits



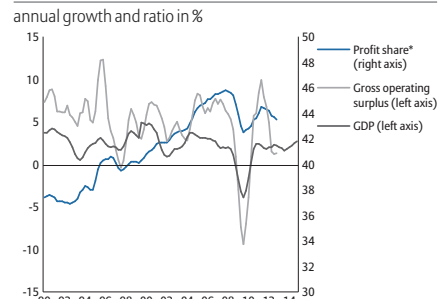
(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies



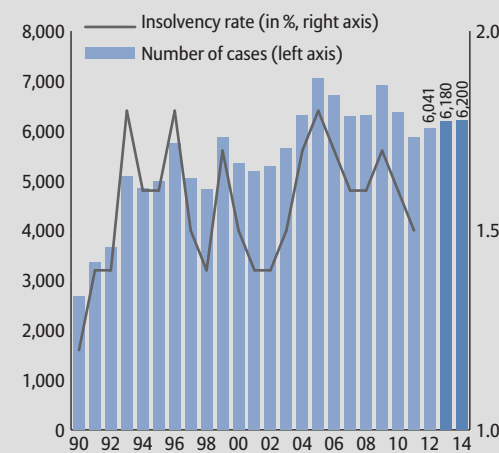
Sources: OFS, Creditreform, Euler Hermes

### Economic growth and corporate profits



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies



Sources: KSV, Statistik Austria, Euler Hermes

## ► Euler Hermes Mediterranean and Africa Region

### Italy Bankruptcies to rise a sixth consecutive year

2012 was a difficult year for Italy, which dipped back into recession (-2.4%). Household demand fell again (-4.3%), investment spending caved in (-8%) and exports slowed markedly (-4.4pp to +2.2%). This contraction in sources of growth combined with a scaling back of state welfare in order to shore up public finances was detrimental to companies and, in particular, SMEs, which form the heart of the country's economic backbone. In addition to a decline in value added (-1%), operating profits fell (3.4%) to a new low since 2006 and profit margins continue to erode, now at their lowest level since 1995. Against this backdrop, insolvencies were up for a fifth consecutive year in 2012 (+2%). The annual number of bankruptcies has doubled since the onset of the global crisis in 2007, albeit without having returned to the record levels reached following the recession in 1993-1994. Insolvencies increased in all major sectors with the notable exception of industry (-6.3%).

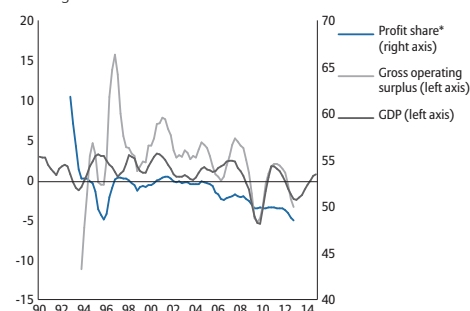
#### 2013-2014 outlook: obscured by political uncertainty

Foreign trade is expected to continue to provide a cushion in 2013 despite the weakening effect of economic diffi-

culties throughout the eurozone on Italian exports. The fall in corporate profit margins, however, will not aid a recovery in investment before 2014, when the structural reforms initiated by the Monti government are expected to bear fruit in the form of a gradual improvement in the economic environment – provided that the timetable for reforms is maintained. A very slow return to growth by the end of 2013 – and visible only in 2014 (GDP +0.7%) – may not be enough to stem the rising tide of insolvencies, which are expected to increase by +7% in 2013 before stabilizing in 2014. *\_VR/ML*

#### Economic growth and corporate profits

annual growth and ratio in %



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

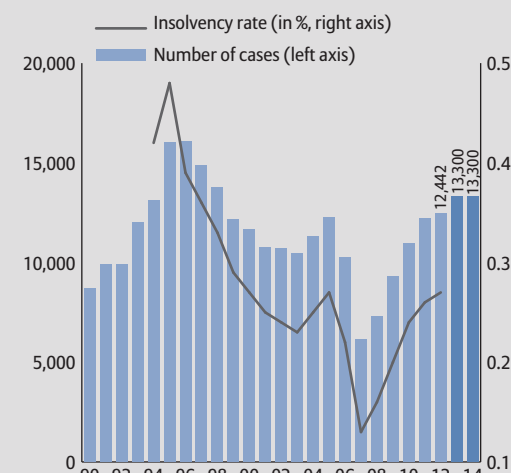
#### Insolvencies by sector in 2012

	number	change (*)	share
Manufacturing	2,208	-6.3%	17.7%
Construction	2,911	3.1%	23.4%
Services	6,110	2.7%	49.1%
Others	1,213	14.0%	9.7%
<b>Total</b>	<b>12,442</b>	<b>2.0%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: Cerved

#### Insolvencies



Sources: Istat, Cerved, Infocamere, Euler Hermes

#### Major insolvencies

Company	Turnover (millions of euros) *	Activity	Date of insolvency	Number of employees
<b>2012</b>				
Lucchini spa	1,202	Manuf. of basic iron and steel	12/2012	2,870
Ghizzoni spa	245	Building of complete constructions or shares thereof; civil engineering	05/2012	1,033
RDB spa	169	Manuf. of non-metallic mineral products	09/2012	723
Eldo Italia spa	162	Non-specialized retailing trade in stores	05/2012	782
GDM - spa	150	Non-specialized retailing trade in stores	04/2012	na
<b>2013 (as of end of March)</b>				
Exergia spa	485	Prod., collection and distribution of electricity	02/2013	43
Aligrup spa	309	Non-specialized retailing trade in stores	01/2013	1,450
Bentini spa	298	Building of complete constructions or parts thereof; civil engineering	03/2013	264
SGI srl	256	Wholesaling of machinery, equipment and supplies	03/2013	25
Scapa Italia spa	187	Wholesaling of household goods	02/2013	125

Source: Euler Hermes

# Spain

## No fall in bankruptcies in sight

Spain's economy fell back into recession in 2012 (-1.4%) after lackluster growth in 2011 (+0.4%) failed to make up the ground lost during the 2008-2009 crisis. Domestic demand – severely affected by austerity measures and excessive private-sector debt – and investment both fell markedly, while resilient foreign trade was unable to offset this drop. The downward adjustment in imports – more pronounced than the slowdown in exports, which were partially bolstered by structural measures to boost competitiveness – paved the way for an increase in trade's contribution to growth (to 2.9pp in 2012). Value added fell (-5.6%) against this backdrop and, while companies on the whole succeeded in preserving the bulk of operating profits (thereby boosting profit margins in the national accounts), many still face extreme difficulties: the rise in insolvencies accelerated sharply in 2012 (+32% after +18% in 2011) and affected all major sectors, in particular construction and real estate (together accounting for 30% of bankruptcies). The insolvency rate is increasing all the faster as the business population has been in constant decline since 2008, (a fall of -7%).

### 2013-2014 outlook: More than 10,000 insolvencies per year

The outlook for 2013 remains gloomy, with the economy set to contract for the second year in a row (1.5%). 2014 should see a moderate recovery (+0.7%), with momentum in exports expected to gradually filter through to investment and then consumption. Out to then, however – and much like the symbolic bankruptcy of Pescanova – companies will continue to face a tough environment and insolvencies could swell to new record highs. [VR/ML](#)

### Insolvencies by sector in 2012

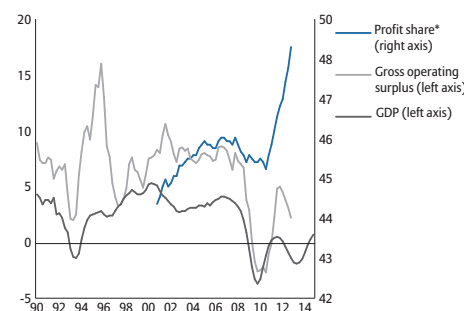
	number	change (*)	share
Agriculture	71	10.9%	0.9%
Industry	1,444	28.4%	18.5%
Construction & real estate	2,350	22.8%	30.1%
Trade	1,447	37.9%	18.6%
Hotels & restaurants	343	29.4%	4.4%
Transport & comm.	252	34.0%	3.2%
Business services	1,266	35.7%	16.2%
Others	626	68.3%	8.0%
<b>Total</b>	<b>7,799</b>	<b>32.0%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: INE

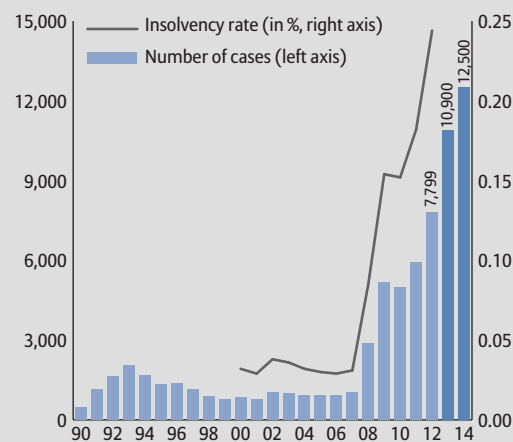
### Economic growth and corporate profits

annual growth and ratio in %



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies



Source: Euler Hermes

### Major insolvencies

Company	Turnover (millions of euros) *	Activity	Date of insolvency	Number of employees
<b>2012</b>				
Spanair S.A.	607	Scheduled air transport	02/2012	2,751
Empresa Municipal de Gestión Inmobiliaria de Alcorcón (Emgia S.A.)	289	Real estate activities on a fee or contract basis	05/2012	6
Joca Ingeniería y Construcciones S.A.	204	Architectural, engineering and other technical activities	03/2012	650
Ezentis Infraestructuras SAU	166	Architectural, engineering and other technical activities	01/2012	245
Perfilex España S.L.	155	Casting of metals	03/2012	85
<b>2013 (as of end of March)</b>				
Pescanova SA	621	Fishing	04/2013	3,400
Siliken Manufacturing SL	240	Manuf. of other electrical equipment	01/2013	250
2L Ibérica Componentes Informáticos, S.L.,	148	Manuf. of office, accounting and computing machinery	01/2013	67
Hormigones y Construcciones Aragón S.L.,	83	Site preparation	01/2013	55
Construcciones Vera, S.A.,	58	Building completion	02/2013	200

Source: Euler Hermes

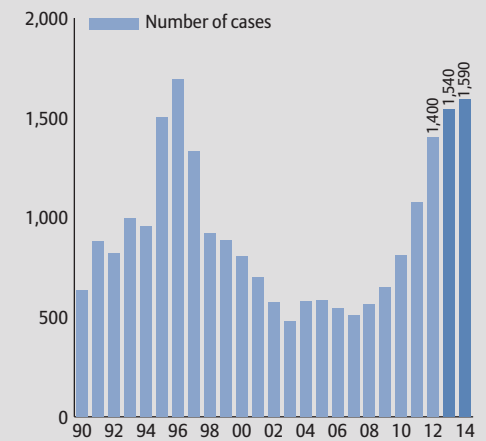
# Greece

## Bankruptcies continue to soar

Greece is not about to exit its five-year-long recessionary spiral. Exacerbated by fiscal consolidation, the fall in domestic demand (25% between 2008 and 2011) has severely hit order books in all sectors, while operating profits measured by national accounts have continued to fall, with a slump of -12.9% since 2008, back to 2006 levels. In this context, the strong rebound of margins shouldn't be misleading as it is only due to a sharper fall in value

added (-14.7% since 2007). An upturn in exports will not prevent negative growth in 2013 (-4.1%) and 2014 (-0.5%) or a fresh surge in insolvencies over the same period (respectively +10% and +3%). *LP/ML*

### Insolvencies



Sources: EYSE, Euler Hermes

# Portugal

## Fresh surge in bankruptcies

Portugal is still battling to find a way out of the crisis, with the economy in the grips of a lasting recession (2.2% forecast in 2013 after -3.2% in 2012 and -1.6% in 2011) despite the cushioning role played by foreign trade throughout this period. Companies are suffering from collapsed household consumption, public spending and investment: having increased fourfold since 2006, bankruptcies are expected to increase further in 2013 (+9%) and 2014 (+1%). *LP/ML*

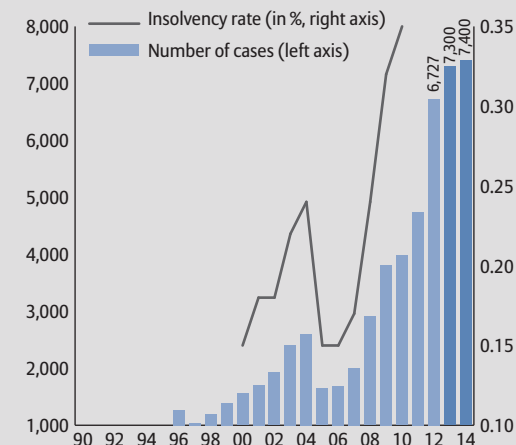
Insolvencies by sector in 2012

	number	change (*)	share
Manufacturing	1,194	39%	18%
Construction	1,965	52%	29%
Trade	1,480	47%	22%
Hotels and restaurants	1,073	67%	16%
Others	1,015	7%	15%
<b>Total</b>	<b>6,727</b>	<b>41%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: COSEC

### Insolvencies



Sources: COSEC, INE, Euler Hermes

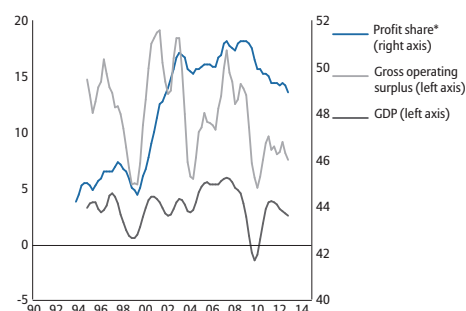
# South Africa

## Bankruptcies below historical average

The sharp economic contraction in 2008-2009 resulted in record insolvencies, with nearly 6,080 cases. Companies have since benefited from growth in global commodity demand, the emergence of a middle class fueling job creation in the tertiary sector, and inflows of foreign capital. The decline in insolvencies initiated in 2010 and confirmed in 2012 is expected to continue through 2013 (4%) and 2014 (-4%) with GDP growth to remain around +3%. *LP/ML*

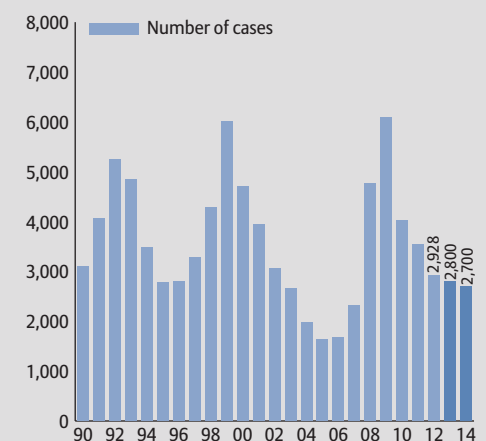
Economic growth and corporate profits

annual growth and ratio in %



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies



Sources: Statistics South Africa, Euler Hermes

## ► Euler Hermes Northern Europe Region

# Royaume-Uni

## 2009 high recedes into rear view

After a one-off increase in 2011 (+6.1%), corporate insolvencies declined significantly in 2012 (8.5%) for both “sole traders and partnerships” and “company liquidations and administrations. Growth was bumpy, statistically unsettled by a series of events (Olympic Games, Queen’s Diamond Jubilee, maintenance in the oil industry, etc.). In the end, however, the recovery in investment (+1.4%) and household consumption (+1%) – until then debilitated by the Cameron government’s austerity measures – helped to stabilize GDP (+0.2%) and preserve overall corporate profitability. Most sectors of activity recorded a fall in insolvencies, including industry, a long-time sufferer of the structural crisis in traditional activities (steel industry, textiles, ship building and car manufacturing). A small number of sectors nevertheless remained isolated from the overall trend: consumer services, financial intermediation and utilities.

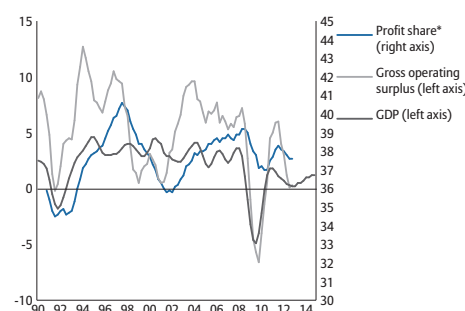
### 2013-2014 outlook: marked fall in insolvencies

2013 began under better circumstances with a supposedly more favorable

business environment given the supply-side policies pushed by the government (reduction in tax charges, infrastructure development, measures to promote research and development and the introduction of measures to boost credit) and the reorientation of production to other sectors and trading partners. Insolvencies are expected to continue to fall in 2013 (-7%) and 2014 (-6%), eased by a recovery in growth (+0.7% in 2013 and +1.2% in 2014) on the back of positive contributions from almost all GDP components, in particular investment. Public consumption will remain the exception. *\_LP/ML*

### Economic growth and corporate profits

annual growth and ratio in %



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies by sector in 2012

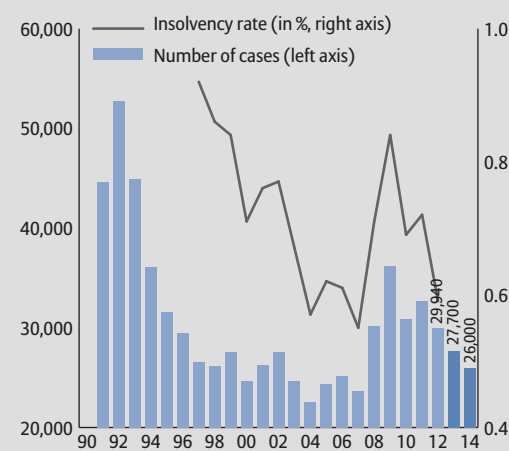
	number (*)	change (**)	share
Agriculture	250	-18.8%	0.8%
Manufacturing	2,001	-14.1%	6.4%
Electri., gas & water supply	129	4.9%	0.4%
Construction	5,293	-12.6%	17.0%
Trade	4,158	-4.5%	13.3%
Hotels and restaurants	2,766	-3.5%	8.9%
Transport & communic.	1,555	-12.6%	5.0%
Financial intermediation	525	22.4%	1.7%
Others business services	6,556	-8.3%	21.0%
Households services	7,943	12.8%	25.5%
<b>Total</b>	<b>31,176</b>	<b>-3.9%</b>	<b>100%</b>

(\*) cumulative 12 months as of Q3 2012

(\*\*) from the previous 12 months

Source: DTI

### Insolvencies



Sources: DTI, Euler Hermes

### Major insolvencies

Company	Turnover (millions of euros) *	Activity	Date of insolvency	Number of employees
<b>2012</b>				
Geneva Holdings Limited	3,352	Business activities	09/2012	
The Game Group Plc	2,366	Retailing trade of new goods in specialized stores	04/2012	
Quinn Group (ROI) Limited	2,213	Building of complete constructions or parts thereof; civil engineering	02/2012	
Comet group plc	1,774	Retailing trade of new goods in specialized stores	11/2012	
Petroplus Refining teeside Limited	1,396	Other land transport	01/2012	
<b>2013 (as of end of March)</b>				
Balli Group Plc	1,318	Manuf. of structural metal products, tanks, reservoirs and steam generators	03/2013	
HMV Group Plc	1,048	Retailing trade of new goods in specialized stores	01/2013	
2E2 UK Limited	335	Computer related activities	01/2013	
Dreams Plc	307	Retailing trade of new goods in specialized stores	03/2013	
New Exchange Limited (* at 1 euro = 1.2 £)	287	Business activities	01/2013	

Source: Euler Hermes

## Ireland

### Bankruptcies start to fall in early 2013

Irish GDP growth surprised on the upside in 2012 (+0.7%). This positive result came primarily on the back of the contribution by foreign trade thanks to a pronounced increase in exports – the main determinant of economic growth – but also from stable imports, a sign that domestic demand remains weak. Investment merely held up (+0.8%) and household consumption continued to contract (-1.4%). Infra-annual data nevertheless reveal an even more favorable trend, which is expected to translate into improved performances in 2013 and 2014 both on the macroeconomic level (GDP growth of +1.1% then +1.9%) and the microeconomic level. The revival in the competitiveness of Irish companies, the rise in operating profits and margins – and the tapering off of dynamism in business demography in the recent period – suggest an imminent improvement in insolvencies after

seven years of soaring bankruptcy figures. The increase posted over the course of 2012 (+2.8%) masks a turnaround which was confirmed in the first quarter of 2013 (-4.6% at 31 March), lending hope to the prospect of a decline over 2013 gathering momentum in 2014 (-8%). *\_VR/ML*

#### Insolvencies by sector in 2012

	number	change (*)	share
Construction	415	-1%	25%
Services	297	25%	18%
Retailing	220	-4%	13%
Hotels & restaurants	171	-16%	10%
Manufacturing	130	26%	8%
Automotive industry	30	-47%	2%
IT	41	-13%	2%
Transport	39	-34%	2%
Wholesaling	52	-24%	3%
Others	289	35%	17%
<b>Total</b>	<b>1,684</b>	<b>3%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: Insolvency Journal

## Netherlands

### Still at an impasse

After two years of moderate recovery during which pre-crisis levels were not regained, the Dutch economy slipped back into recession in 2012 (-0.9%) following a poor second half to the year. Key determinants of GDP such as consumption (-1.4%) and investment (-4.7%) suffered as a direct result of high private debt levels, the adjustment in the real estate market and overcapacity in industry, but also from major austerity measures (such as the +2pp hike in the VAT rate). This loss of vigor was quickly reflected by the trend in corporate profitability, while the ongoing decline in order books and the expected continuation of the decline in exports do not point to an upturn in investment in 2013. Corporate insolvencies rose steeply in 2012 (+21%), with noteworthy increases in most sectors with the exception of the hotel and restaurant sector. With the economy to remain in recession in 2013 (0.5%), they will con-

tinue to increase, albeit at a lesser pace (+7%) notably in construction, which should benefit from regulatory changes introduced in 2012. Nevertheless, the gradual recovery in global trade lends hope to a sufficient rebound in the economy over the course of 2014 (+1%) so as to give way to a slight decline in insolvencies (-1%). *\_VR/ML*

#### Insolvencies by sector in 2012

	number	change (*)	share
Agriculture	172	20.3%	2.0%
Industry	950	21.0%	11.0%
Construction	1,464	34.3%	17.0%
Trade	1,865	17.4%	21.6%
Hotels & restaurants	400	-5.9%	4.6%
Transport - communication	552	45.3%	6.4%
Finance & business services	2,673	17.5%	31.0%
Others	540	19.6%	6.3%
<b>Total</b>	<b>8,616</b>	<b>20.7%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: CBS

#### Economic growth and corporate profits

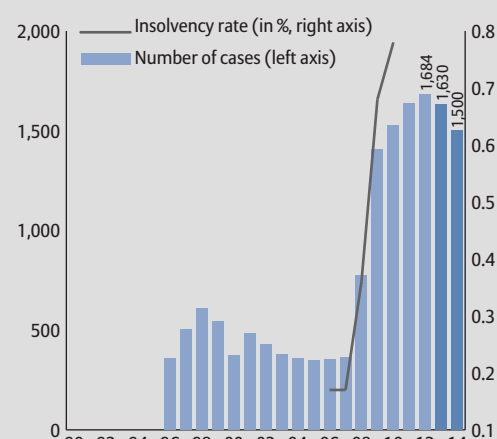
annual growth and ratio in %



(\*) ratio of gross operating surplus to value added

Sources: National accounts, Euler Hermes

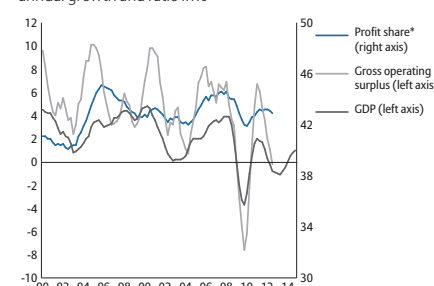
#### Insolvencies



Sources: Insolvency Journal, Euler Hermes

#### Economic growth and corporate profits

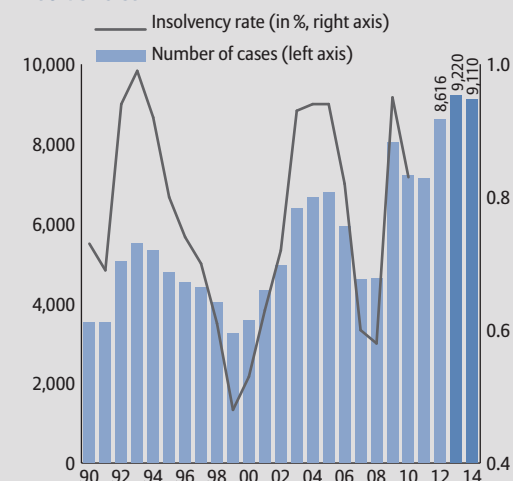
annual growth and ratio in %



(\*) ratio of gross operating surplus to value added

Sources: National accounts, Euler Hermes

#### Insolvencies



Sources: CBS, Euler Hermes

# Belgium

## Bankruptcies: more and more

After a slight contraction in activity in 2012 (-0.2%) and a stabilization in 2013 (+0.1%), there could be a return to positive growth in 2014 (+1.2%) on the back of renewed vigor in exports (+4% in 2014 compared with +0.5% in 2013) and an upturn of investment (+2.3% in 2014) after two consecutive years of contraction. Structural reforms (in the labor market especially) are expected to contribute to an improvement in business competitiveness. In the meantime, confidence surveys and stable order books since late 2012 suggest that the trend has been improving in recent months. Nevertheless, sluggish economic activity will continue to weigh on corporate profitability – margins having already eroded in 2012 – and corporate insolvencies may well continue their rise to reach record levels. After the 2012 total, which was up for the sixth consecutive year (+3.6% with almost 10,600 cases) and which spared none of the major sectors

– not least industry (+9.7%) – 2013 could see nearly 10,800 insolvencies. *\_VR/ML*

**Insolvencies by sector in 2012**

	number	change (*)	share
Agriculture,	84	5.0%	0.8%
Industry	632	9.7%	6.0%
Construction	1,802	6.4%	17.0%
Trade	2,743	1.9%	25.9%
Hotels & restaurants	2,062	3.8%	19.5%
Business services	3,192	-0.2%	30.2%
Others	72	ns	0.7%
<b>Total</b>	<b>10,587</b>	<b>3.6%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

Source: INS/SPF

# Luxembourg

## Record number of bankruptcies

After a modest recovery in 2010-2011 during which GDP failed to regain its pre-global crisis level, Luxembourg's economy slowed markedly in 2012 and finished the year with a meager performance (+0.3% after +1.7% in 2011). As measured by the national accounts, companies' profit margins held up, thanks to a limited deceleration in operating profits but this was not without consequence for many companies whose financial situation was still fragile. All in all, 2012 saw a further deterioration in insolvencies (+8%), for the fourth year running, with an increase in bankruptcies in most sectors and a rise in the insolvency rate. This confirms that the dynamic business demography is not the only explication for the upturn in insolvencies. The industrial sector and, especially, the steel sector were particularly affected, with a number of factories forced to shut down. The financial services sector also showed signs of weakening, although it was still a large

contributor to the country's growth. GDP is expected to grow again out to 2014 (+1.6%) on the back of both domestic and external demand. This should pave the way for a downward cycle in insolvencies (-5%) following a stagnation in 2013. *\_LP/ML*

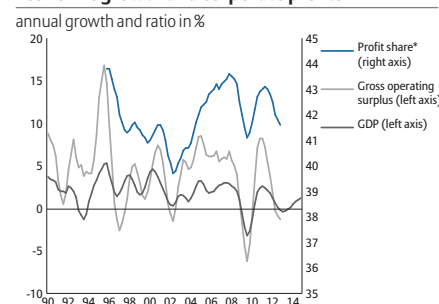
**Insolvencies by sector in 2012**

	number	change (*)	share
Agriculture	1	ns	0.1%
Manufacturing	26	18.2%	2.5%
Construction	127	-17.0%	12.1%
Trade	250	-5.7%	23.8%
Hotels and restaurants	130	10.2%	12.4%
Transport-communication	104	20.9%	9.9%
Financial intermediation	171	51.3%	16.3%
Business activities	151	8.6%	14.4%
Households services	93	15.4%	8.6%
<b>Total</b>	<b>1,053</b>	<b>7.4%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12

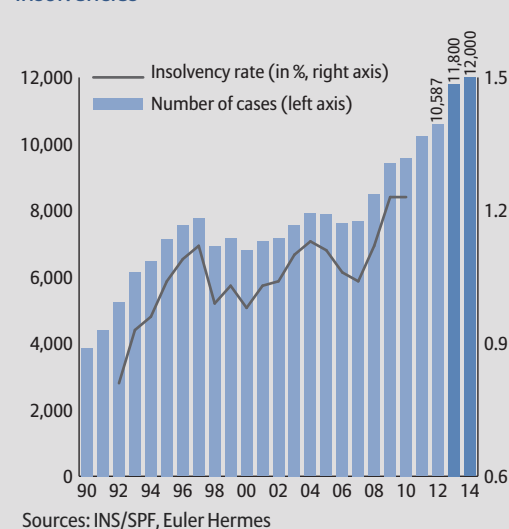
Source: Memorial & Statec, Euler Hermes

### Economic growth and corporate profits



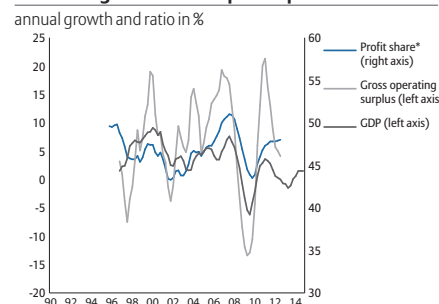
(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies



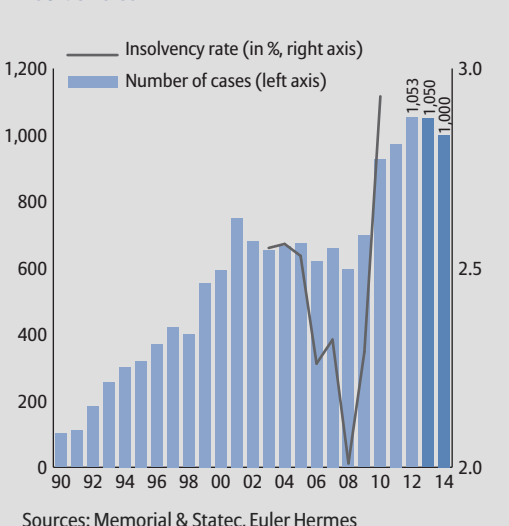
Sources: INS/SPF, Euler Hermes

### Economic growth and corporate profits



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies



Sources: Memorial & Statec, Euler Hermes

## Sweden

### Once again heading in the wrong direction

For a very open economy, the abrupt slowdown in exports in 2012 (-6.1pp to +1.3%) under the effect of the eurozone crisis contributed to a marked deceleration in GDP growth (+1.2% after +3.8% in 2011), despite household demand holding up well, and to a deterioration in profit margins, reflecting a decline in corporate operating profits. Almost all major sectors of activity were host to a growing number of corporate bankruptcies, chief among which construction (+13%), accounting for 16% of all insolvencies. The prolonged weakness of order books, reflecting the impact of the slowdown in the global economy, points to only a gradual recovery in activity from the second half of 2013. A stabilization in the pace of economic growth in 2013 (+1.2%) will not prevent a fresh increase in insolvencies (+10% after +7% in 2012), which was borne out in

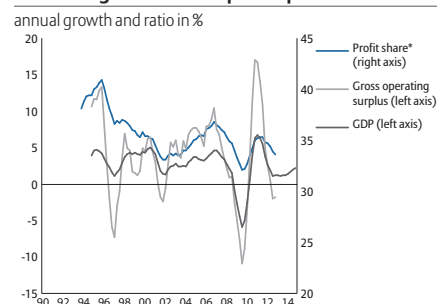
the first quarter. The outlook for 2014 promises to be more encouraging (+2.2% for GDP) thanks to a recovery in global growth and to the favorable policy mix, which will pave the way only for a pronounced deceleration in corporate insolvencies. *\_VR/ML*

#### Insolvencies by sector in 2012

	number	change (*)	share
Agriculture & prim.industry	171	3.0%	2.3%
Manufacturing	423	4.7%	5.7%
Construction	1,202	13.2%	16.1%
Automotive industry	222	5.7%	3.0%
Wholesaling	551	6.6%	7.4%
Retailing	868	5.6%	11.6%
Hotels et restaurants	463	-9.4%	6.2%
Transports & comm	628	8.5%	8.4%
Finance & real estate	303	-5.6%	4.1%
Others	2,640	11.6%	35.3%
<b>Total</b>	<b>7,471</b>	<b>7.4%</b>	<b>100%</b>

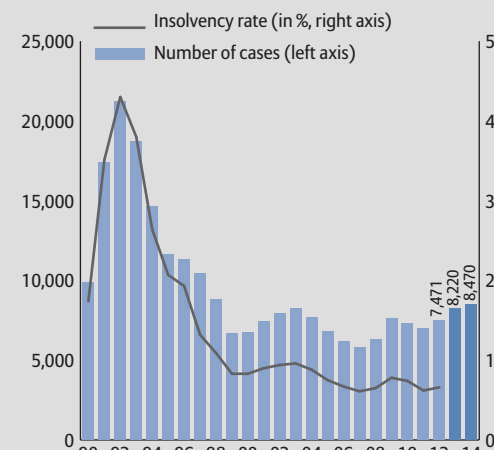
(\*) Jan-Dec '11 to Jan-Dec '12  
Source: SCB

#### Economic growth and corporate profits



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

#### Insolvencies



Sources: SCB, Euler Hermes

## Norway

### The Norwegian exception in Europe

Against a favorable macroeconomic backdrop, the downward trend in insolvencies that began after a peak in insolvencies in 2009 (+38%) continued throughout 2012 for the third consecutive year (-12.4%). Once again, all GDP components contributed positively to growth, in particular private consumption (+3% after +2.5% in 2011) and, even more so, investment (+8.3% after +7.5%). Despite a loss of momentum, operating profits reached new record levels, while profit margins eroded only slightly and still remain comfortably above their historical average. In other words, the good overall health of Norwegian companies stands out in Europe and underlines their greater capacity to absorb future economic shocks. After a 2012 scorecard in which all major sectors of the economy recorded a decline in bankruptcies, 2013 and 2014 promise to be cast in the same mould, with the downward trend

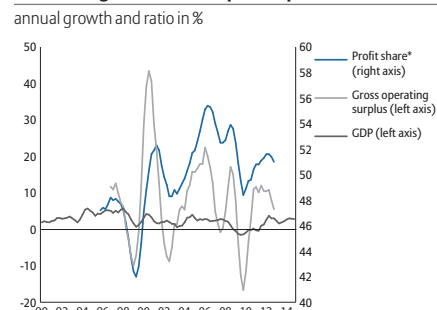
in bankruptcies set to continue (-3% then -6% respectively), below the historical average, although GDP growth is expected to drop a gear (+2.2% then +2.8%). *\_LP/ML*

#### Insolvencies by sector in 2012

	number	change (*)	share
Agriculture	69	-16.9%	1.8%
Manufacturing	191	-23.9%	5.0%
Construction	945	-3.5%	24.8%
Trade	871	-14.4%	22.8%
Hotels and restaurants	332	-2.1%	8.7%
Transport-communication	412	-18.6%	10.8%
Financial intermediation	32	-50.8%	0.8%
Business activities	417	-20.1%	10.9%
Households services	469	-10.8%	12.3%
Others	76	13.4%	2.0%
<b>Total</b>	<b>3,814</b>	<b>-12.4%</b>	<b>100%</b>

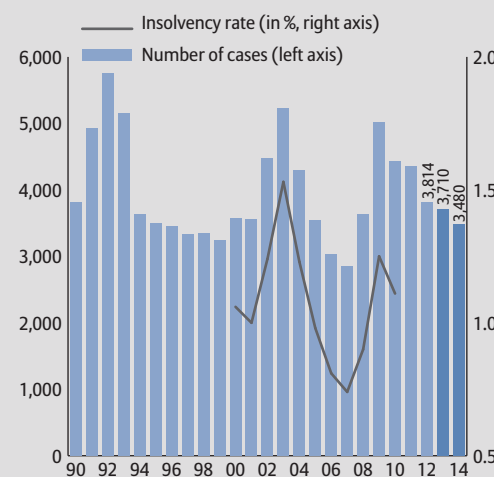
(\*) Jan-Dec '11 to Jan-Dec '12  
Source: SSB

#### Economic growth and corporate profits



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

#### Insolvencies



Sources: SSB, Euler Hermes



# Denmark

## Insolvencies struggling against the tide

By the end of a chaotic year, with fits and starts in quarterly GDP and a pronounced withdrawal at the end of the year, the Danish economy contracted markedly in 2012 (-0.6%) under the main effect of a sharp deterioration in exports over the second half and limp household demand. Companies succeeded in keeping operating profits at record levels, profit margins almost unchanged and revenues at their pre-crisis levels. However, not all companies showed the same capacity to resist. After having soared for three years, the downward wave in corporate insolvencies initiated in 2011 (-15%) came to an abrupt end in 2012 (-0.2%), with marked increases in several major sectors: trade (wholesale and retail), finance/real estate and business services. The sluggish GDP growth forecast for 2013 (+0.5%) seems unlikely to be enough to prevent yet another large number of insolvencies over the course

of the year (around 5,600 cases, up +3%) after having risen during the first quarter (+0.5% at the end of March). The outlook is more favorable for 2014, with a more pronounced upturn in growth (+1.5%) which is likely to lead to a decrease in the number of insolvencies (-2.6%). *\_VR/ML*

### Insolvencies by sector in 2012

	number	change (*)	share
Agriculture	127	11.4%	2.3%
Industry	341	-4.2%	6.3%
Construction	752	-2.8%	13.8%
Automotive	152	18.8%	2.8%
Wholesaling	471	1.3%	8.6%
Retailing	526	19.8%	9.6%
Hotels & restaurants	312	-4.3%	5.7%
Transports	234	-6.0%	4.3%
Information & comm	211	0.0%	3.9%
Finance & real estate	661	12.8%	12.1%
Other services	681	7.8%	12.5%
Other	988	-16.8%	18.1%
<b>Total</b>	<b>5,456</b>	<b>-0.2%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12  
Sources: DST, Euler Hermes

# Finland

## Growth and bankruptcies to stabilize

In the short term, the trend in Finnish corporate bankruptcies reflects the country's growth: almost zero for 2013, like in 2012. In other words, after subsiding in 2010 (-11%) on the back of a recovery in growth (GDP +3.3% in 2010), insolvencies reacted quickly to the gradual slowing of activity, which was more than confirmed in 2012 under the effect of a drop in exports and investment. The slight dip into recession (-0.2%) despite the resilience of household consumption (+1.6%) – at least until the VAT hikes in early 2013 – was accompanied by a marked slowdown in operating profits, a downturn in profit margins and a small rise in insolvencies (+0.7%). The latter masks greater difficulties in some sectors, particularly services (where bankruptcies increased +14%) and industry (+4%), further to the restructuring of the electronics industry. Growth is expected to return to positive territory on the back of exports (+2.8% in 2013), in particular to

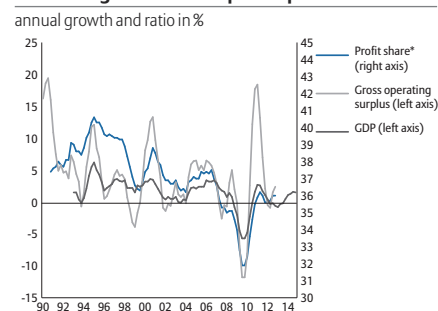
Germany, Sweden and Russia. However, this may not be enough in 2013 (with GDP growth of +0.2%) to enable a substantial improvement in the business environment: insolvencies are expected to rise anew in 2013 (+3%) before subsiding at a quasi-similar rate in 2014 (-2%). *\_LP/ML*

### Insolvencies by sector in 2012

	number	change (*)	share
Agriculture	94	-8.7%	2.7%
Industry	394	4.0%	11.4%
Construction	877	-1.1%	25.3%
Trade	627	-0.8%	18.1%
Hotels & restaurants	323	-2.7%	9.3%
Transports - comm	216	-12.6%	6.2%
Other services	924	13.7%	26.6%
Others	16	-69.8%	0.5%
<b>Total</b>	<b>3,471</b>	<b>0.7%</b>	<b>100%</b>

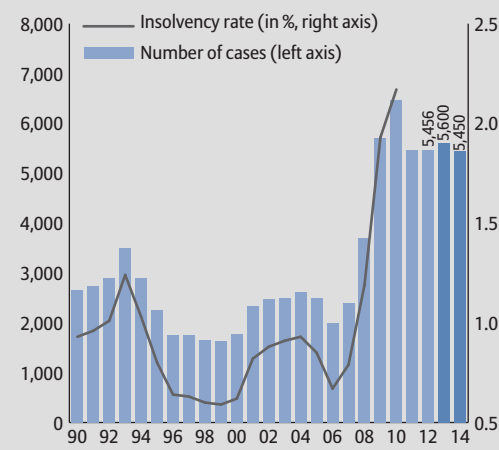
(\*) Jan-Dec '11 to Jan-Dec '12  
Source: Statistics Finland

### Economic growth and corporate profits



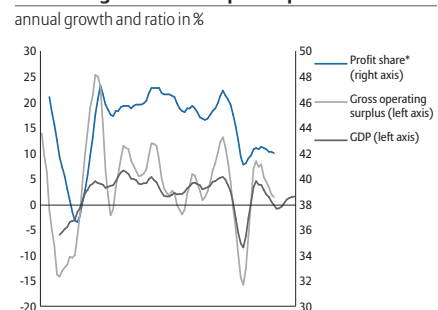
(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies



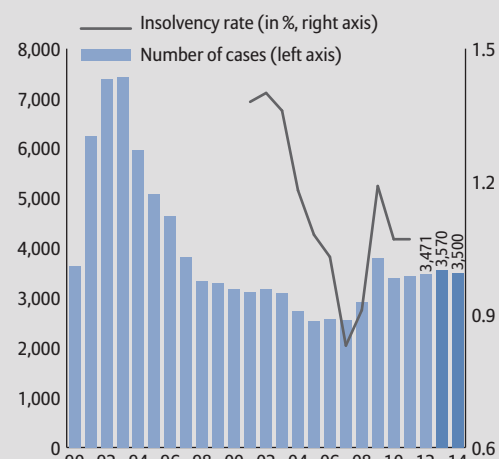
Sources: DST, Euler Hermes

### Economic growth and corporate profits



(\*) ratio of gross operating surplus to value added  
Sources: National accounts, Euler Hermes

### Insolvencies



Sources: Statistics Finland, Euler Hermes

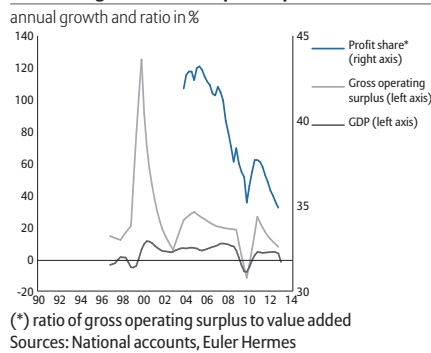
# Russia

## Bankruptcies up despite the oil boom

Buoyed by commodity export prices, the Russian economy continued to grow albeit at a lesser pace in 2012 (+3.4% versus +4.3% in 2011) under the effect of the crisis in its main export market, the eurozone. In fact, household consumption was the only GDP component to have maintained its momentum (+6.6%, the same as in 2011), underpinned in particular by pre-election measures. Business investment slowed markedly (+6.0% versus +8.4% in 2011). In 2013 and 2014, the economy is expected to hold up well, with an annual growth rate close to its potential at above +3.5%. Private consumption and investment are likely to be the main drivers of GDP growth. Exports are expected to grow at a more sustained pace, in particular thanks to vigorous economic activity in China – one of Russia’s main trading partners – but a surge in imports will weigh on trade’s net contribution to

growth. In this economic environment still reliant on global demand for commodities, corporate insolvencies are likely to decelerate in 2013 (+2%, after +10% in 2012) before a possible decline in 2014 (-3%). *\_VR/ML*

### Economic growth and corporate profits



### Insolvencies



# Poland

## Bankruptcies hit 8-year high

Poland’s economic growth slowed markedly in 2012 (with GDP down -2.5pp to +2%) under the effect of a slowdown in external demand in the country’s main trading partners (its neighbors) and, in particular, a slump in domestic demand. The latter was due notably to investment for the Euro 2012 soccer championship having wound down, but also to a deterioration in fundamentals for household consumption (employment, wages and confidence). From a macroeconomic standpoint, companies appear to have taken the necessary measures to adjust, which has enabled them to maintain growth in EBITDA despite the slowdown in value added. At the micro level, however, while bankruptcy statistics do not factor in small enterprises, “large” companies have been the most numerous to fail: a total of 941 bankruptcies were recorded in 2012, which constitutes a record high after having

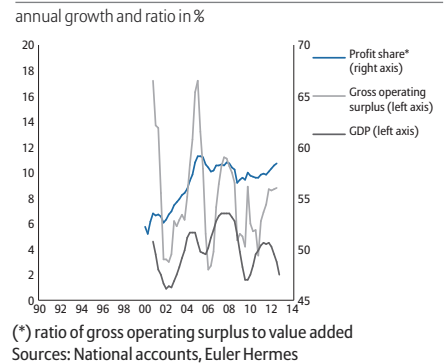
risen for four years. The weak forecasts for 2013, with GDP set to slow further (to less than +1.5%) before a more marked improvement in 2014 (+2.5%), give no reason to expect a trend reversal in insolvencies. Insolvencies may increase sharply in 2013 (+10%) and more moderately in 2014 (+2%). *\_LP/ML*

### Insolvencies by sector in 2012

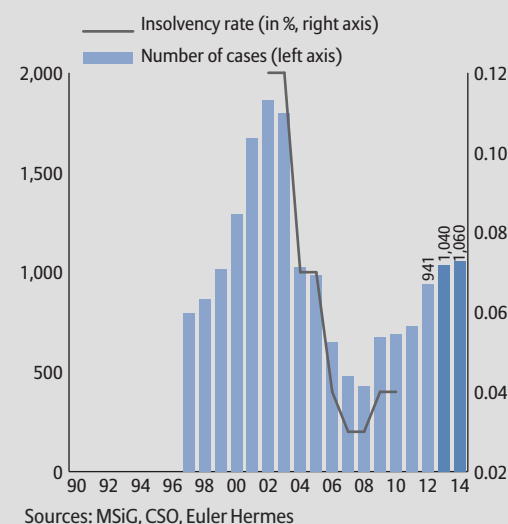
	number	change (*)	share
Construction	273	87.0%	29.0%
Manufacturing	220	0.9%	23.4%
Services	191	27.3%	20.3%
Transport-communication	35	105.9%	3.7%
Wholesaling	138	-0.7%	14.7%
Retailing	84	40.0%	8.9%
<b>Total</b>	<b>941</b>	<b>28.9%</b>	<b>100%</b>

(\*) Jan-Dec '11 to Jan-Dec '12  
Source: Monitor Sadowy i Gospodarczy (MSiG)

### Economic growth and corporate profits



### Insolvencies



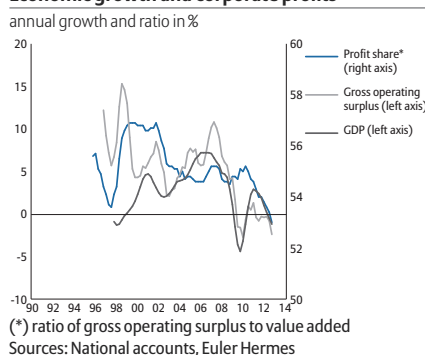
# Czech Republic

## No improvement before 2015

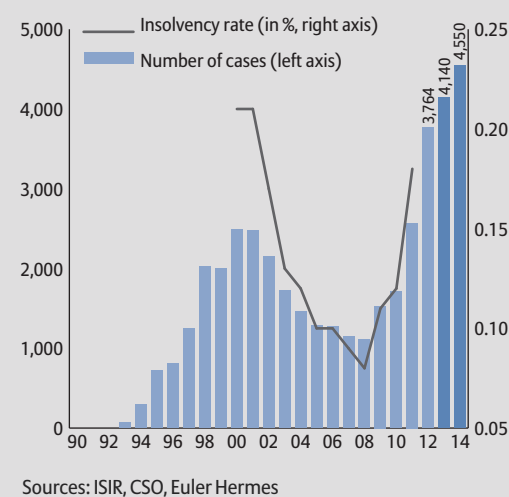
The Czech economy dipped clearly back into recession in 2012 (-1.2%), with four consecutive quarters of contraction in GDP. Resilient exports – one-third of which to Germany – were not enough to offset the fall in domestic demand, in particular on the part of households under the effect of austerity measures and weak wages. Operating profits, having barely returned to their pre-crisis level, started to drop, dragging down corporate profit margins to a record low (53% or 2pp below their average since 1995). In this unfavorable context, reinforced by the stricter application of bankruptcy regulations, corporate insolvencies reached a new record high in 2012 (3,764 cases following a fresh surge of +46% from 2011, more than doubling in two years). The economic recovery forecast in 2013 is expected to be gradual and modest and will merely slow the pace of bankruptcies (+10%), especially given the sustained growth in the business population during

the past decade (+25%). The growing number of businesses will remain an obstacle to a trend reversal in bankruptcies in 2014 despite more pronounced economic growth (+2%). *\_VR/ML*

**Economic growth and corporate profits**



**Insolvencies**



# Romania

## The light at the end of the tunnel?

Despite the political crisis and ongoing austerity program, Romania displayed resilience in 2012: growth was slightly higher (+0.7%) than initial estimates (+0.3% after +2.5% in 2011). The country still has a long way to go to erase the 2009 crisis (GDP contraction of -7.1%) and improve the situation in terms of insolvencies. All in all, insolvencies increased +31% in 2012, sparing only industry (-4%) and the agricultural sector (-24%) which benefited from massive stimulus from the European development funds. The 2012 political crisis undermined not only the confidence of households and domestic companies, but also that of foreign investors. Nevertheless, Romania still offers an attractive tax system (tax rate of 16%) and high productivity relative to the other eastern European countries. Growth in 2013 will mainly be driven by private consumption (+1.6%) and public consumption (+1.4%) in light of the

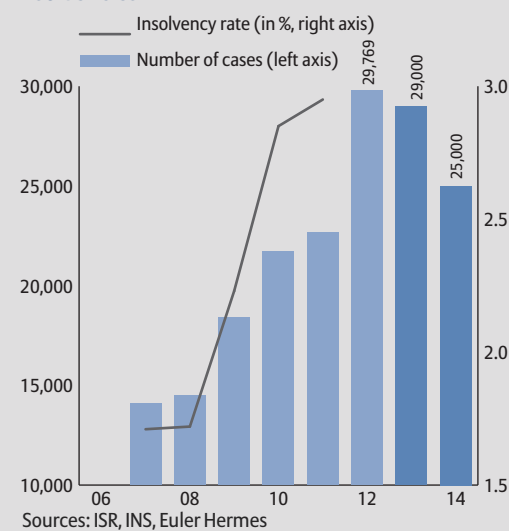
weak outlook for exports (+0.9%). Nevertheless, this context should allow for only a gradual improvement in the business environment. A modest downturn in insolvencies is expected to get under way in 2013 (-3%) and then gather momentum in 2014 (-14%). *\_LP/ML*

**Insolvencies by sector in 2012**

	number	change (*)	share
Agriculture	607	-24.0%	2.0%
Manufacturing	3,112	-3.9%	10.5%
Utilities	217	-8.1%	0.7%
Construction	5,508	55.2%	18.5%
Trade	11,851	35.0%	39.8%
Hotels and restaurants	1,815	31.0%	6.1%
Transport-communication	2,671	36.0%	9.0%
Financial intermediation	200	-11.9%	0.7%
Business activities	2,442	31.2%	8.2%
Households services	646	5.9%	2.2%
Others	700	ns	2.4%
<b>Total</b>	<b>29,769</b>	<b>31.4%</b>	<b>100%</b>

(\*) jan-dec 12/ jan-dec 11  
Source: ISR

**Insolvencies**

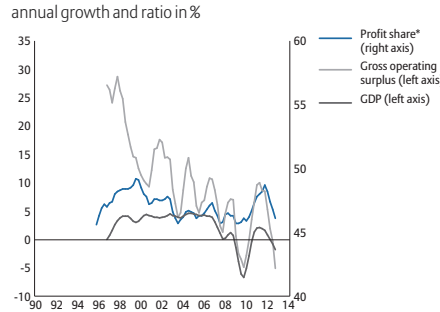


# Hungary

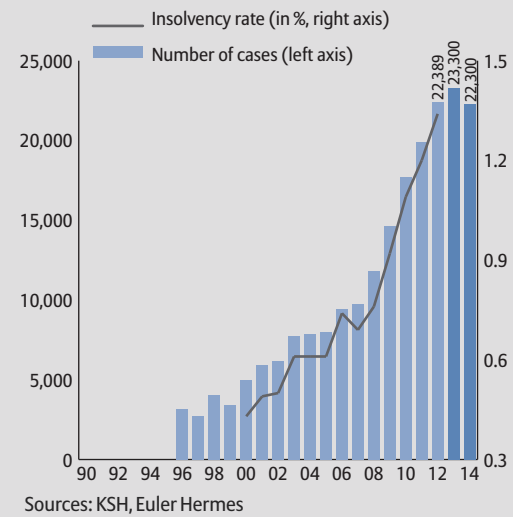
## The upsurge continues

The economy's dip back into recession (-1.8% in 2012) following a slow recovery has not made life any easier for companies. Faced with downbeat domestic determinants and fragile external markets, bankruptcies hit a new all-time high in 2012 after another surge (+13%). This level should be surpassed in 2013 (+4%) against the backdrop of another tough year for growth and the ongoing vigor in business demography (+35% in 10 years). *\_VR/ML*

### Economic growth and corporate profits



### Insolvencies

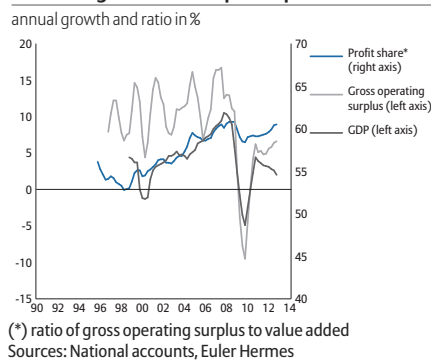


# Slovakia

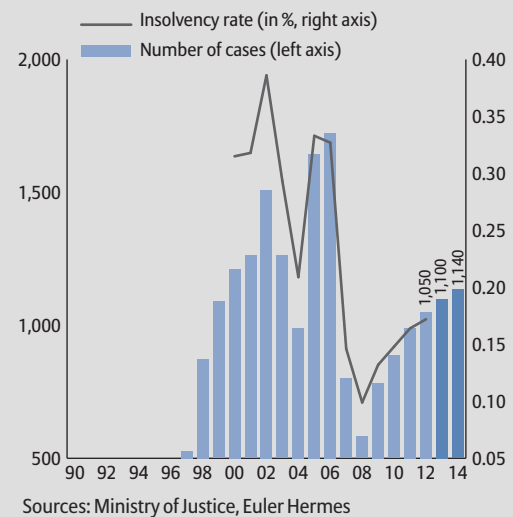
## 4 years of rising insolvencies

Not all economic agents benefited from the return to growth and record operating profits. Despite the fall-off in restructuring proceedings, bankruptcies continued to rise, with insolvencies up +6% in 2012. The latter should continue to rise in 2013 (+5%) and 2014 (+3%) due to depressed domestic demand (unemployment, declining purchasing power) and slowing exports, especially in the automotive sector (22% of total) and in particular to Europe. *\_LP/ML*

### Economic growth and corporate profits



### Insolvencies

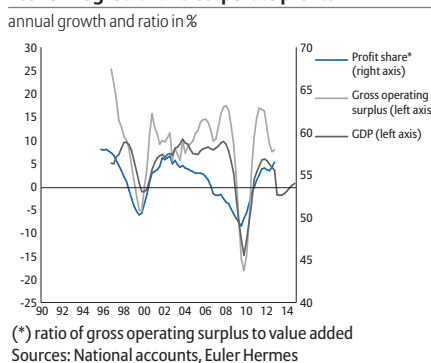


# Lithuania

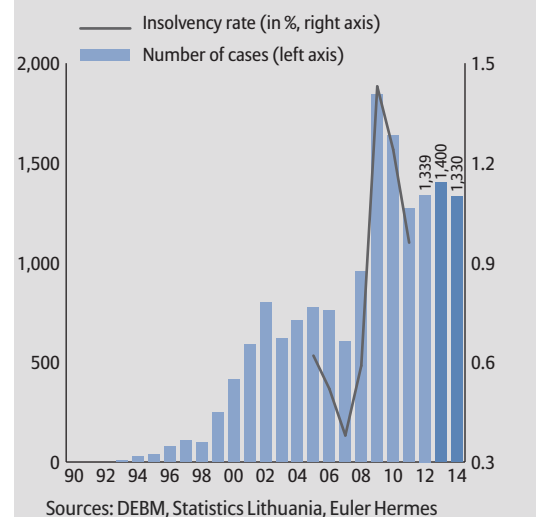
## A noticeable increase in insolvencies

The downtrend in insolvencies in 2010 and 2011 reversed in the face of slower growth in 2012. The slowdown in activity (-1.4pp) and operating profits (-4.7pp) was accompanied by a rise in bankruptcies (+5.2%) especially in industry and trade, together accounting for 40% of the country's insolvencies. Economic prospects remain positive (+2% in 2013 and +3.2% in 2014) but insufficient to reverse the trend in bankruptcies before 2014 (+5% in 2013). *\_VR/ML*

### Economic growth and corporate profits



### Insolvencies





## Our methodology

- ▶ **The concept of business insolvency varies from one country to the next, which complicates international comparisons.** Disparities between countries have two main causes. First, official insolvency procedures are not of equal importance everywhere. In some countries, amicable arrangements predominate (for example in Spain or Italy), so their figures for corporate insolvencies are quite low and understate the real picture for companies facing difficulty. Second, sole traders are included in the corporate insolvency figures for some countries, whereas in others they are included in the figures for personal bankruptcies (such as in the United States), without distinction between purely personal bankruptcies and sole trader bankruptcies. In the latter cases, the number of corporate insolvencies is significantly understated. In addition, the boundary between sole proprietorships and very small enterprises varies from one country to the next. For each country we have drawn on a definition of companies that corresponds as closely as possible to the definition used in the inventory of insolvencies to calculate the insolvency rate. Thus, the number of companies recorded for the United States corresponds only to companies and does not incorporate sole traders (estimated at around 20 million). For most other countries, however, figures for both companies and insolvencies include sole traders. Moreover, the number of companies does not depend directly on the size of each country: Japan, for example, is host to more companies than the United States, while its population and GDP are only half the size.
- ▶ **The insolvency rate is the ratio between the number of insolvencies and the number of companies.** In theory, it facilitates comparison between countries. While countries that count more companies than others risk recording more insolvencies, they should have the same insolvency rate, all other things being equal. In reality, insolvency rates vary considerably between countries. The insolvency rate is 0.8% on average for developed countries, with levels close to 0.3% in some Mediterranean countries (Spain, Portugal and Italy) and, by contrast, levels far above average in other countries, such as France, Belgium, Luxembourg or Austria. The insolvency rate is an official loss ratio index. Yet it does not necessarily reflect the actual level of losses: in many countries insolvencies are settled outside of court.
- ▶ **To overcome disparities in national statistics and circumstances, we monitor changes in insolvencies and insolvency rates over time rather than their numbers in absolute terms.** For each country we calculate an insolvency index, using a base of 100 in the year 2000. We then calculate a Global Insolvencies Index (GII) as the weighted sum of these national indices. Each country is weighted according to the size of its nominal GDP (at current exchange rates) in that of our sample countries, which account for more than 85% of global GDP at 2011 current exchange rates.

# Major Insolvencies Worldwide

in 2012 - 2013

Date	Country	Company	Last known turnover in millions of euro	Activity
04/2013	USA	Central European Distribution Corporation	1,351	Manuf. of beverages
04/2013	Spain	Pescanova SA	621	Fishing
04/2013	Germany	SHW Casting Technologies GmbH	79	Casting of metals
03/2013	Canada	EFFIGI Inc.	-	Wholesaling of household goods
03/2013	UK	Balli Group Plc	1,318	Manuf. of structural metal products, tanks, reservoirs and steam generators
03/2013	USA	Supermedia, Inc.	1,026	Publishing
03/2013	USA	Dex One Corporation	985	Business activities
03/2013	UK	Dreams Plc	307	Retailing trade of new goods in specialized stores
03/2013	Italy	Bentini spa	298	Building of complete constructions or parts thereof; civil engineering
03/2013	Italy	SGI srl	256	Wholesaling of machinery, equipment and supplies
03/2013	Germany	B.COM Computer AG	253	Computer related activities
03/2013	Hungary	CAR-INside Ipari	238	Manuf. of other textiles
03/2013	Romania	Ductil Steel s.a.	233	Manuf. of basic iron and steel
03/2013	Belgium	Lintor	109	Food
03/2013	France	Multitec	87	Building installation
03/2013	Poland	Waspol sa	46	Wholesaling
03/2013	Czech Republic	Novinová a poštovní, s.r.o.	46	Post and courier activities
03/2013	Poland	Tabor Szymowy Opole s a	39	Manuf. of railway and tramway locomotives and rolling stock
03/2013	Portugal	Conforlimpa (tejo)	38	wholesaling and retailing trade; repair of motor vehicles, motorcycles and personal and household goods
03/2013	Austria	Angerlehner Hoch und Tiefbau Ges.m.B.H	35	Building of complete constructions or parts thereof; civil engineering
03/2013	Czech Republic	Agrigal, s.r.o. v likvidaci	29	wholesaling of machinery, equipment and supplies
03/2013	Finland	Avilon Fibres Oy	18	Manuf. of knitted and crocheted fabrics and articles
03/2013	Czech Republic	KTA, s.r.o.	16	Building installation
03/2013	Czech Republic	Fantasy Management, a.s.	16	Retailing trade of new goods in specialized stores
03/2013	Denmark	Bab Scandinavia ApS	8	Health and social work
03/2013	Denmark	Syd-Stål Aabenraa A/S	4	Manuf. of fabricated metal products
03/2013	Austria	EuroBioFuels AG	1	Manuf. of other chemical products
02/2013	Canada	Bargain! Shop Holdings Inc.	-	Retailing
02/2013	Canada	John Forsyth Shirt Company Ltd	-	Manuf. of wearing apparel, except fur apparel
02/2013	USA	RDA Holding Co.	2,041	Printing and service activities related to printing
02/2013	Italy	Energia spa	485	Prod., collection and distribution of electricity
02/2013	France	GAD sas	459	Meat Processing
02/2013	Romania	Oltchim sa	341	Manuf. of basic chemicals
02/2013	Romania	Mechel Targoviste sa	244	Manuf. of basic iron and steel
02/2013	Italy	Scapa Italia spa	187	Wholesaling of household goods
02/2013	France	Spanghero sas	118	Meat Processing
02/2013	Hungary	MAL Magyar Alumínium Termelő	111	Manuf. of basic precious and non-ferrous metals
02/2013	Netherlands	BVR Bouw en Ontwikkeling B.V.	99	Construction
02/2013	France	Bijoux gl	75	Manufacture of jewelry
02/2013	Belgium	Verbinnen Harry	72	Food
02/2013	Spain	Construcciones Vera, S.A.,	58	Building completion
02/2013	Romania	Dobrogea Grup sa	51	Manuf. of grain mill products, starches and starch products, and prepared animal feeds
02/2013	Finland	Uudenmaan Kuljetus Oy	45	Other land transport
02/2013	Germany	Hess AG	43	Manuf. of electric lamps and lighting equipment
02/2013	Germany	Dronco AG	32	Manuf. of general purpose machinery
02/2013	Portugal	Héstia de braga - mobiliario contemporâneo lda	32	Manufacturing
02/2013	Finland	Winwind Oy	23	Manuf. of electric motors, generators and transformers
02/2013	Portugal	Imponilhas	20	Wholesaling and retailing trade; repair of motor vehicles, motorcycles and personal and household goods
02/2013	Hungary	METALLOGLÓBUS Félgyártmány	13	Manuf. of other fabricated metal products; metal working service activities
02/2013	Finland	Tapio Kumpu-Huhtala Oy	12	Wholesaling of machinery, equipment and supplies
02/2013	Denmark	Project 12 ApS	5	Hotels and restaurants
01/2013	UK	HMV Group Plc	1,048	Retailing trade of new goods in specialized stores
01/2013	USA	School Specialty, Inc.	555	Retailing trade not in stores
01/2013	UK	2E2 UK Limited	335	Computer related activities
01/2013	Italy	Aligrup spa	309	Non-specialized retailing trade in stores
01/2013	France	Virgin stores	305	Retailing
01/2013	UK	New Exchange Limited	287	Business activities
01/2013	Spain	Siliken Manufacturing SL	240	Manuf. of other electrical equipment
01/2013	Spain	2L Ibérica Componentes Informáticos, S.L.,	148	Manuf. of office, accounting and computing machinery
01/2013	Denmark	Sparekassen Lolland A/S	88	Financial intermediation
01/2013	Spain	Hormigones y Construcciones Aragón S.L.,	83	Site preparation
01/2013	Netherlands	Schoenenreus B.V.	82	Trade
01/2013	Poland	Vistalex sa	81	Manuf. of basic metals
01/2013	Portugal	Edifícios Europa	57	Real estate, renting and business activities
01/2013	Poland	Energomontaż-południe sa	54	Building installation
01/2013	Germany	Adam GmbH	54	Publishing, printing and reproduction. of recorded media
01/2013	Poland	Pmb s a	53	Meat Processing
01/2013	Czech Republic	Plynostav - regulace plynu, a.s.	47	Building installation
01/2013	Portugal	Sociedade de Construções Jose Coutinho	41	Construction
01/2013	Austria	GriffnerHaus AG	40	Building of complete constructions or parts thereof; civil engineering
01/2013	Belgium	Grandeco Wallfashion Group	30	Paper and pulp
01/2013	Finland	Meteco Oy	13	Manuf. of general purpose machinery
01/2013	Denmark	Eurotrucking A/S	12	Road transport
01/2013	Belgium	Duro Home	12	Construction
01/2013	Belgium	Kroon-Service Logistics	11	Transport and storage
01/2013	Hungary	TEMPERO Építőipari és Uszodatechnikai	10	Building completion
01/2013	Hungary	SERVIND BUDAPEST	9	Manuf. of other chemical products
12/2012	Italy	Lucchini spa	1,202	Manuf. of basic iron and steel
12/2012	Austria	STADLER Güterverkehrs-Ges.m.b.H.	169	Other land transport
12/2012	Austria	ACC Austria GmbH	164	Manuf. of special purpose machinery
12/2012	Romania	Romstrade srl	120	Building of complete constructions or parts thereof; civil engineering
12/2012	Belgium	Photo Hall Multimedia	88	Retailing
12/2012	Belgium	Solar Living	63	Construction
12/2012	Finland	Uudenmaan Kuljetus Oy	45	Other land transport
12/2012	Slovakia	EXIsport s.r.o.	38	Trade
11/2012	Canada	Farley Windows Inc.	-	Manuf. of plastics products
11/2012	UK	Comet group plc	1,774	Retailing trade of new goods in specialized stores
10/2012	Switzerland	Hello AG	-	Air transport
10/2012	Finland	Maskun Kalustetalo Oy	162	Retailing trade of new goods in specialized stores
10/2012	Hungary	Kapuvári Hús Húsipari	59	Prod., processing and preservation of meat, fish, fruit, vegetables, oils and fats
09/2012	UK	Geneva Holdings Limited	3,352	Business activities
09/2012	Korea (South)	Kukdong Engineering and Construction Co Ltd	309	Construction

Source: Euler Hermes

Chronological table (non-exhaustive, in descending order) of the five biggest known insolvencies in 2009 and 2010, for the following countries: USA, Canada, Brazil, Japan, South Korea, France, Germany, Switzerland, Austria, Italy, Spain, Portugal, United Kingdom, Netherlands, Poland, Belgium, Sweden, Denmark, Finland, Czech Republic, Romania, Slovakia and Hungary

Date	Country	Company	Last known turnover in millions of euros	Activity
09/2012	Italy	RDB spa	169	Manuf. of non-metallic mineral products
09/2012	Poland	Rabat Service sa	136	Wholesaling
09/2012	Poland	Przedsiębiorstwo Napraw Infrastruktury	134	Construction
09/2012	Korea (South)	Woonjin Poly Silicon co.,Ltd	130	Manuf. of chemicals and chemical products
09/2012	Austria	Bogner Edelstahl Ges.m.b.H.	89	Casting of metals
09/2012	Hungary	Székesfehérvári Fűtőerőmű	23	Steam and hot water supply
08/2012	Brazil	Atende Atacado Distribuidor E Logistica Ltda	346	Wholesaling
08/2010	Germany	P + S Werften GmbH	222	Building and repairing of ships and boats
08/2012	Brazil	Engelfort Construtora Ltda	204	Wholesaling
08/2012	Denmark	Aktieselskabet af 9. August 2012	67	Printing and service activities related to printing
08/2012	Belgium	Prodac	49	Construction
07/2012	USA	Patriot Coal Corporation	1,457	Mining and agglomeration of hard coal
07/2012	Japan	Sanko Steamship	830	Sea and coastal water transport
07/2012	Poland	Bomi sa	173	Retailing sale of food, beverages and tobacco
07/2012	Portugal	J.Soareis Correia-armazens de ferro s.a.	71	Wholesaling and retailing trade; repair of motor vehicles, motorcycles and personal and household goods
07/2012	Denmark	Arnold D. Kristensen A/S	28	Wholesale wood
07/2012	Slovakia	Metalco Group s.r.o.	16	Trade
07/2012	Slovakia	Joze Kravec	13	Trade
07/2012	Slovakia	Lencos spol. s r.o.	11	Industry
07/2012	Japan	Fuji Stadium Golf Club	6	Sporting and other recreational activities
06/2012	Canada	Cinram International Income Fund	-	Reproduction. of recorded media
06/2012	Austria	CE Gas Marketing & Trading G,bH	699	Prod., collection and distribution of electricity
06/2012	Romania	Hidroelectrică" sa	671	Prod., collection and distribution of electricity
06/2012	France	Doux sa	431	Meat Processing
06/2012	France	Ets Doux frais	306	Meat Processing
06/2012	Finland	FNsteel Oy Ab	300	Manuf. of basic iron and steel
06/2012	Korea (South)	Byucksan Engineering & Construction co ltd	289	Construction
06/2012	Austria	M-Oil Trading GmbH	270	Retailing sale of automotive fuel
06/2012	Poland	PBG sa	231	Construction
06/2012	Canada	Northstar Aerospace Inc.	217	Manuf. of aircraft and spacecraft
06/2012	Poland	Poldim sa	141	Construction
06/2012	Finland	Oy Air Finland Ltd	79	Scheduled air transport
06/2012	Portugal	Ensul Mecí	76	Construction
06/2012	Romania	Scop Computers sa	72	Wholesaling
06/2012	Denmark	Selskabet af 1. Juni 2012 A/S	68	Sale, maintenance and repair of motor vehicles and motorcycles
05/2012	USA	Hawker Beechcraft Acquisition Company LLC	1,845	Manuf. of aircraft and spacecraft
05/2012	USA	Houghton Mifflin Harcourt Publishing Company	981	Publishing
05/2012	Spain	Empresa Municipal de Gestión Inmobiliaria de Alcorcón (Emgia S.A.)	289	Real estate activities on a fee or contract basis
05/2012	Hungary	ELCOTEQ Magyarországi Elektronikai Kft.	248	Manuf. of electrical machinery and apparatus
05/2012	Italy	Ghizzoni spa	245	Building of complete constructions or parts thereof; civil engineering
05/2012	Denmark	Kimber Sterling A/S	243	Scheduled air transport
05/2012	Korea (South)	Poonglim Industrial co ltd	240	Construction
05/2012	Netherlands	Eurocommerce Holding BV	238	Construction
05/2012	Belgium	Belgian Refining Corporation	184	Commodities
05/2012	Italy	Eldo Italia spa	162	Non-specialized retailing trade in stores
05/2012	Germany	Sovello GmbH	148	Manuf. of tubes and other electronic components
05/2012	Netherlands	Phanos NV	117	Construction
05/2012	Brazil	Patreão Hipermercados Ltda	96	Retailing sale of food, beverages and tobacco
05/2012	Portugal	Iberazónia	83	Wholesaling and retailing trade; repair of motor vehicles, motorcycles and personal and household goods
05/2012	Japan	NIS Group	33	Financial intermediation
04/2012	Canada	Boutique Le Pentagone Inc.	-	Retailing
04/2012	UK	The Game Group Plc	2,366	Retailing trade of new goods in specialized stores
04/2012	Germany	Q-Cells SE	1,354	Manuf. of tubes and other electronic components
04/2012	Brazil	Ad Oro S/A	154	Farming of animals
04/2012	Italy	GDM - spa	150	Non-specialized retailing trade in stores
04/2012	Romania	R.H.S. Company s.a.	76	Wholesaling
04/2012	Slovakia	Prefa Sucany, a.s.	16	Industry
03/2012	Canada	Aveos Performance Aeronautique Inc.	-	Supporting and auxiliary transport activities; activities of travel agencies
03/2012	Canada	Sino-Forest Corp.	-	Forestry, logging and related service activities
03/2012	Netherlands	Smulder Group Holdco BV	302	Construction
03/2012	Spain	Joca Ingeniería y Construcciones S.A.	204	Architectural, engineering and other technical activities
03/2012	Spain	Periflex España S.L.	155	Casting of metals
03/2012	Germany	SIAG Schaaf Industrie AG	144	Manuf. of general purpose machinery
03/2012	Portugal	FDO	118	Construction
03/2012	Netherlands	Selexyz Boekhandels BV	58	Trade
03/2012	Finland	Finnomo Oy	54	Manuf. of wood and of products of wood and cork, except furniture
03/2012	Czech Republic	OKZ Holding, a.s.	49	Building installation
02/2012	Japan	Elpida Memory	4,286	Manuf. of electronic components
02/2012	UK	Quinn Group (ROI) Limited	2,213	Building of complete constructions or parts thereof; civil engineering
02/2012	Spain	SPANAIR S.A.	607	Scheduled air transport
02/2012	France	Surcouf	337	Electronics wholesaling
02/2012	Hungary	Malév Magyar Légiközlekedési	299	Scheduled air transport
02/2012	Netherlands	Solar Scheuten Nederland BV	191	Construction
02/2012	Romania	Minimax Discount s.r.l.	96	Retailing sale of food, beverages and tobacco
02/2012	Portugal	Invictus	83	Real estate, renting and business activities
02/2012	Belgium	Neochim	69	Chemicals
02/2012	Czech Republic	Eiffage Construction Česká republika, s. r.o.	59	Building of complete constructions or parts thereof; civil engineering
02/2012	Hungary	HEROSZ Építőipari	52	Building of complete constructions or parts thereof; civil engineering
02/2012	Czech Republic	A.M.T. Group, a.s.	29	Sale, maintenance and repair of motorcycles and related parts and accessories
02/2012	Denmark	Aktieselskabet af 26. Januar 2012	27	Printing and service activities related to printing
02/2013	Slovakia	Naceva - Slovakia, spol. s r.o.	12	Trade
01/2012	Japan	Taiheyo Ariesu	-	Sporting and other recreational activities
01/2012	Switzerland	Petroplus Holdings AG	16,168	Manuf. of refined petroleum products
01/2012	Germany	Schlecker	4,700	Retailing trade of new goods in specialized stores
01/2012	USA	Eastman Kodak Company	4,562	Manuf. of optical instruments and photographic equipment
01/2012	USA	Hostess Brands Inc.	2,045	Manuf. of other food products
01/2012	UK	Petroplus Refining teeside Limited	1,396	Other land transport
01/2012	Canada	Catalyst Paper Corp.	1,173	Manuf. of paper and paper products
01/2012	France	Sernam services	317	Post and courier activities
01/2012	Spain	Ezentis Infraestructuras SAU	166	Architectural, engineering and other technical activities
01/2012	Spain	Ezentis Infraestructuras SAU	166	Architectural, engineering and other technical activities
01/2012	Brazil	Rigor Alimentos Ltda	116	Farming of animals
01/2012	Japan	Taiheyo Club	93	Sporting and other recreational activities
01/2012	Czech Republic	Tenzo, a.s.	29	Manuf. of other fabricated metal products; metal working service activities
01/2012	Czech Republic	Palmer & Johnson Realty, s.r.o.	29	Real estate activities with own or leased property

Source: Euler Hermes

# Summary statistics

## Statistics per country and by regions

### Number of insolvencies: per country and indices by Euler Hermes regions

 Forecasts

	% of world GDP (**)	weight (***)	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Global Insolvency Index (*)</b>	<b>85.4</b>	<b>100</b>	<b>92</b>	<b>86</b>	<b>107</b>	<b>134</b>	<b>126</b>	<b>120</b>	<b>121</b>	<b>131</b>	<b>133</b>
<b>Euler Hermes regions</b>											
Americas Index (*)	29.2	34.2	55	73	105	142	130	111	95	90	85
USA	22.5	26.4	19,695	28,322	43,546	60,837	56,282	47,806	40,075	37,410	35,290
Brazil	3.7	4.3	2,153	1,694	1,240	1,551	1,308	1,189	1,495	1,790	1,790
Canada	2.6	3.0	6,742	6,293	6,164	5,420	4,072	3,643	3,236	3,110	3,050
Chile	0.4	0.4	132	143	150	172	131	133	129	130	125
Asia-Pacific Index (*)	25.4	30.2	72	81	86	80	71	67	63	64	65
China	10.9	12.8	3,630	4,358	4,555	4,448	3,715	3,043	2,626	2,730	2,800
Japan	8.8	10.3	13,245	14,091	15,646	15,480	13,321	12,734	12,124	11,800	12,100
Australia	2.2	2.6	7,737	7,521	9,113	9,437	9,601	10,481	10,632	10,940	11,160
Korea (South)	1.7	2.0	2,529	2,294	2,735	1,998	1,570	1,359	1,228	1,240	1,210
Taiwan	0.7	0.8	622	1,044	805	341	268	256	260	275	285
Hong Kong	0.4	0.4	552	455	468	573	438	333	312	320	315
Singapore	0.4	0.5	130	106	132	135	142	113	151	153	148
New Zealand	0.2	0.3	3,419	3,233	2,105	3,049	2,886	2,537	2,345	2,300	2,250
France Index (*)	4.1	4.8	115	122	135	155	148	148	151	154	152
France	4.1	4.8	46,375	49,132	54,730	62,709	60,018	59,839	60,958	62,200	61,500
Germany-Austria-Switzerland Index (*)	6.9	8.1	121	106	105	116	115	109	104	105	103
Germany	5.3	6.2	34,137	29,160	29,291	32,687	31,998	30,099	28,297	28,700	28,100
Switzerland	0.9	1.1	4,528	4,314	3,892	4,067	4,658	4,697	4,513	4,420	4,250
Austria	0.6	0.7	6,707	6,295	6,315	6,902	6,376	5,869	6,041	6,280	6,300
Mediterranean & African countries Index (*)	6.9	8.1	91	80	165	268	266	310	393	520	582
Italy	3.3	3.8	10,272	6,126	7,272	9,314	10,971	12,197	12,442	13,300	13,300
Spain	2.2	2.6	916	1,033	2,894	5,175	4,990	5,910	7,799	10,900	12,500
South Africa	0.6	0.7	1,680	2,314	4,763	6,078	4,020	3,536	2,928	2,800	2,700
Portugal	0.4	0.4	1,690	2,001	2,907	3,815	3,977	4,746	6,727	7,300	7,400
Greece	0.4	0.5	542	510	563	650	810	1,077	1,400	1,540	1,590
Northern Europe Index (*)	13.0	15.3	190	103	112	149	145	141	148	151	146
UK	3.6	4.2	25,130	23,653	30,170	36,196	30,833	32,718	29,940	27,700	26,000
Russia	2.8	3.2	76,447	19,238	13,916	15,473	16,009	12,794	14,072	14,400	14,000
Netherlands	1.2	1.5	5,941	4,602	4,635	8,040	7,211	7,140	8,616	9,220	9,110
Poland	0.8	0.9	648	480	430	673	691	730	941	1,035	1,055
Belgium	0.8	0.9	7,617	7,677	8,472	9,421	9,579	10,224	10,587	11,800	12,000
Sweden	0.8	0.9	6,160	5,792	6,298	7,638	7,274	6,958	7,471	8,220	8,470
Norway	0.7	0.8	3,032	2,845	3,637	5,013	4,435	4,355	3,814	3,710	3,480
Denmark	0.5	0.6	1,987	2,401	3,709	5,710	6,461	5,468	5,456	5,600	5,450
Finland	0.4	0.5	2,587	2,560	2,916	3,803	3,400	3,446	3,471	3,570	3,500
Ireland	0.3	0.4	354	363	773	1,406	1,525	1,638	1,684	1,630	1,500
Czech Republic	0.3	0.4	1,278	1,148	1,110	1,530	1,713	2,571	3,764	4,140	4,550
Romania	0.3	0.3	na	14,104	14,483	18,421	21,692	22,650	29,769	29,000	25,000
Hungary	0.2	0.2	9,447	9,723	11,804	14,636	17,700	19,884	22,389	23,300	22,300
Slovakia	0.1	0.2	1,723	800	582	784	887	990	1,050	1,100	1,140
Luxembourg	0.1	0.1	621	659	595	697	926	973	1,053	1,050	1,000
Lithuania	0.1	0.1	759	606	957	1,844	1,637	1,273	1,339	1,400	1,330
Latvia	0.0	0.0	872	1,010	1,291	2,149	2,574	879	881	930	900
Estonia	0.0	0.0	352	202	423	1,055	1,029	623	506	510	490

(\*) Indices basis 100: 2000

(\*\*) GDP 2011 weighing at current exchange rates

(\*\*\*) share of Global Insolvency Index

Sources: National figures, Euler Hermes forecasts





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